



KAIROS PRISON MINISTRY AUSTRALIA

A Company Limited By Guarantee ABN 55081 496 175

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I WAS IN PRISON AND YOU VISITED ME" MATT 25:36

Kairos Prison Ministry Australia
ABN 55 081 496 175

Annual Financial Report
31 December 2013

Directors' report

The directors present their report together with the financial report of Kairos Prison Ministry Australia ("the Company") for the year ended 31 December 2013 and the independent audit report thereon.

Directors

The directors of the Company at anytime during or since the end of the financial year are:

Name	Special Responsibilities	Qualifications & Experience
Bothma, Benjamin (Jan 2012 - current)		Advanced Diploma Community Services, Lecturer Community Services, Kairos Team member
Clancy, Terence (Jun 2007- May 2013)		B.Com (NSW), CA,CISA, Public Company Internal Auditor (retired). Kairos team member since 2001
Forbes, Paul (Dec 2012 – current)		PhD and MA in Change Management. Kairos Team member since 2008.
Harvey, Peter (Sept 2013 - current)	Treasurer (from Sept 2013 – current)	B.Com (UNSW) CPA. CFO for Not for Profit. Kairos team member
Hedrik, Mavis (May 2010 – current)	Secretary (from January 2011 – May 2012)	Dip Teach, Dip Marketing & Advertising, B Com (Marketing), Hotelier (retired).
Herbert, Jeffrey (May 2010 – current)	Chair (from Apr 2012)	Advanced Dip Teaching. Team member since 1999.
Kempe, Teresa (Feb 2012 – Mar 2013)	Secretary (from May 2012 – Mar 2013)	BA; Dip.Ed; Dip.Pub; JP. Kairos Outside team member since 2001.
Marshall, Leslie (July 2010 – current)	Spiritual Director from Oct 2012	Dip Elect & Electronic Eng. Dip Theology. Chair WA State Council. Team member since 2002.
Peters, Ken (April 2013 – August 2013)		
Ratray, Reuben (Feb 2009 – April 2013)	Chairman (from May 2009 – Apr 2012)	BEC, MBA, BCA. Former director & secretary of public company. Kairos Team member since 1999.
Saunders, Ian (Feb 2013 – current)		BA,Dip Math Statist, PhD, CStat. Member SA State Council 2003 – present. Team member since 2003.
Sopru, Coraine (May 2009 – current)		Diploma of Teaching. Kairos team member since 2004.
Starr, John (August 2013 – current)		Real estate valuer retired, Trustee Woronora Cemetery, Kairos team member since 2000
Stewart, William Desmond (Mar 2012 – current)		Diploma in Agriculture. Kairos team member since 2004. NSW State Committee Chair.
Trost, Gregory (Feb 2012 - current)		Grad. Dip Bus IR; Assoc. Dip Bus Mgt; Snr. Assoc CIP ANZIF. Kairos & KO team member since 1997. Qld State Council member since 1997.

Directors' report (continued)

Directors' meetings

During the financial year the applicable current directors' attendances at meetings were as follows:

	Eligible to attend	Attended
Bothma, Benjaman	10	9
Clancy, Terence	5	5
Forbes, Paul	10	8
Harvey, Peter	4	4
Hedrik, Mavis	10	9
Herbert, Jeffrey	10	9
Kempe, Teresa	2	0
Marshall, Leslie ⁴	10	10
Peters, Ken	2	2
Ratray, Reuben	3	2
Saunders, Ian	9	8
Sopru, Coraine ³	10	8
Starr, John	5	4
Stewart, William Desmond ¹	10	9
Trost, Gregory ²	10	7

1 Director representing NSW State Council

2 Director representing Queensland State Council

3 Director representing South Australia State Council

4 Director representing Western Australia State Council

Principal activities

The principal continuing activities of the company during the course of the financial year was the sharing of the love of Jesus Christ in correctional institutions through activities directed toward the building of Christian communities and the ministering to the families and friends of those who are or have been incarcerated.

There were no significant changes in the nature of the activities of the company during the year.

Directors' report (continued)

Review and result of operations

The operating deficit of the company amounted to \$52,367 (2012: surplus of \$26,438). The main cause of the deficit was the large increase in employee costs (2013 - \$144,447; 2012 - \$50,752). All other expenses fell in line with 2012 levels. The release of reserves (\$39,490) to fund particularly Program Support and Development Group activities as well as certain projects under the Growth Reserves assisted in keeping overall expenses in check.

Dividends

In accordance with clause 2.4 of the Constitution of the Company, the payment of a dividend is prohibited.

State of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review.

Environmental regulation

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or a state or territory.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

Future Developments

The Company met with the Bishops, clergy and chaplains in Tasmania with a view to provide courses in the prisons. This was well received and support was good. The Chaplain at Risdon advised that the Company needs to prepare a team and a submission and he will be supportive. The Chaplain at the Ashley Youth Detention Centre was also supportive of the Torch Course.

Proceedings on behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

The Company was not party to any such proceedings during the year.

Directors' report (continued)

Indemnification and insurance

Indemnification

The Constitution (Clause 18.1) provides that every Director, Auditor, Secretary and other officer for the time being of the Company shall be indemnified out of the assets of the Company against any liability arising out of the execution of the duties of his or her office which is incurred by him or her in defending any proceedings, whether civil or criminal, in which judgement is given in his or her favour or in which he or she is acquitted or in connection with any application under the Corporations Act in which relief is granted to him or her by the Court pursuant to section 199A of the Corporations Act in respect of any negligence, default, breach of duty or breach of trust.

Insurance Premiums

Since the end of the previous financial year, the Company has paid all insurance premiums in respect of directors' and officers' liability insurance contracts for directors, both current and former, and officers of the Company.

The insurance policy provides that the insurer will meet the full amount of any such liabilities including costs and expenses to a limit of \$10 million. The insurance premiums relate to costs and expenses incurred by the relevant officers in defending proceedings, whatever their outcome, and other liabilities that may arise from their position, arising from any actual or alleged breach of duty, breach of trust, neglect, error, omission, misstatement, misleading statement, or other act wrongly committed or wrongly attempted by any officer, individually or otherwise, in the course of his/her duties to the Company.

Company Secretary

Teresa Kempe resigned as company secretary on 9 March 2013 and Reuben Rattray was appointed company secretary on 9 March 2013 however he resigned 13 April 2013. Paul Forbes was appointed company secretary 13 April 2013. He holds a PhD and MA in change management.

Auditor's Independence Declaration


A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached -Page 6.

Signed in accordance with a resolution of the directors:



J.A. Herbert

Director & Chairman



P. T. Harvey

Director & Treasurer

Hornsby NSW 17 April 2014

Auditor's independence declaration under section 307C of the Corporations Act, 2001 to the Directors of the Kairos Prison Ministry Australia

I declare that, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct in relation to the audit for the financial year ended 31 December 2013.



Peter F Benson, FCA
Registered Company Auditor

17 April 2014
8/103 Hammers Road Northmead NSW

Income Statement

For the year ended 31 December 2013

		2013	2012
	Note	\$	\$
Total revenue from ordinary activities	2	<u>547,017</u>	<u>537,317</u>
Less			
Program expenses		277,532	280,276
Employee costs		144,447	50,752
Assets under \$500 expensed		6,505	11,848
Audit expense	4	10,500	10,000
Communications including newsletters & data base		33,107	30,006
Depreciation expense	7	18,551	26,984
Fuel re-imbursments to volunteers		7,000	8,035
Fundraising expenses	15	10,409	10,638
Insurance expense		8,930	8,351
Program Support and Development		8,711	8,832
Travel expenses		14,832	15,281
Training expenses		17,491	14,859
Other expenses		<u>41,369</u>	<u>35,017</u>
Total expenses		<u>599,384</u>	<u>510,879</u>
 Operating surplus/(deficit) for the year		 <u>(52,367)</u>	 <u>26,438</u>

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 10 to 21

Balance Sheet

As at 31 December 2013

	Note	2013 \$	2012 \$
Current assets			
Cash assets	5	717,846	759,278
Receivables	6	<u>12,062</u>	<u>12,850</u>
Total current assets		729,908	772,128
Non-current assets			
Property, plant and equipment	7	<u>25,191</u>	<u>25,380</u>
Total assets		<u>755,099</u>	<u>797,508</u>
Current liabilities			
Payables	9	19,292	16,665
Provisions	10	11,760	4,435
Total current liabilities		<u>31,052</u>	<u>21,100</u>
Total liabilities		<u>31,052</u>	<u>21,100</u>
Net assets		<u>724,047</u>	<u>776,408</u>
Accumulated Funds			
Retained surpluses	11	647,602	696,815
Reserves	8	<u>76,445</u>	<u>79,593</u>
Total Accumulated Funds		<u>724,047</u>	<u>776,408</u>

The Balance Sheet is to be read in conjunction with the notes to the Financial Statements set out on pages 10 to 21.

Statement of cash flows For the year ended 31 December 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts in the course of operations		477,642	466,024
Cash receipts from fundraising activities	15	48,977	40,670
Cash payments for fundraising activities	15	(10,409)	(10,638)
Cash payments in the course of operations		(560,469)	(474,949)
Interest received	2	<u>21,187</u>	<u>25,749</u>
Net cash provided by (used in) operating activities	13(ii)	<u>(23,072)</u>	<u>46,856</u>
Cash flows from investing activities			
Payments for property, plant and equipment	7	(18,360)	(12,771)
Proceeds on disposal of equipment		<u>-</u>	<u>200</u>
Net cash used in investing activities		<u>(18,360)</u>	<u>(12,571)</u>
Net increase (decrease) in cash held		(41,432)	34,284
Cash at the beginning of the financial year		<u>759,278</u>	<u>724,994</u>
Cash at the end of the financial year	13(i)	<u>717,846</u>	<u>759,278</u>

Statement of changes in equity For the year ended 31 December 2013

See note 11 of the Notes to the financial statements

The Statements of Cash Flows and Changes in Equity are to be read in conjunction with the notes to the financial statements set out on pages 10 to 21.

Notes to the financial statements

1 Statement of significant accounting policies

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report is for Kairos Prison Ministry Australia as an individual entity, incorporated and domiciled in Australia. It is a company limited by guarantee.

The following is a summary of the material accounting policies, which have been adopted in the preparation of this financial report. The accounting policies set out below have been consistently applied, unless otherwise stated.

Basis of preparation.

The financial report has been prepared on an accruals basis and is based on historical costs.

Accounting policies:

(a) Revenue recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Tax Office (ATO), except where the amount of GST is not recoverable from the ATO. Donations are recognised as received, except where paid by donors prior to year end and received in the next financial year.

The unexpended portion of donations which are designated for specific purposes are carried forward as reserves.

(b) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are presented in the cash flow statement on a gross basis less GST.

(c) Taxation

No income tax expense has been charged in the accounts as the company's income is exempt from income tax. The company also has received Deductible Gift Recipient (DGR) status from the ATO, enabling donors to claim tax deductions on gifts \$2 and over.

Notes to the financial statements (continued)

1 Statement of significant accounting policies (cont)

(d) Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets.

The depreciable amount of all non-current assets is depreciated using a combination of the straight line method and the reducing balance method over their estimated useful lives, commencing from the time the asset is ready for use.

The depreciation rates used for each class of asset are as follows:

	2013	2012
General plant -straight line	15%	15%
Office equipment -straight line	15-33%	15-33%
Fixtures and fittings -straight line	10-15%	10-15%

(e) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Long service leave

The provision for employee benefits for long service leave is normally recognised commencing the year after five years of service. No employees have met this condition and so no amount has been provided.

Superannuation fund

The company contributes to industry superannuation funds on behalf of employees.

Notes to the financial statements (continued)

1 Statement of significant accounting policies (cont)

(f) Receivables

Amounts payable to the Company by its State Councils / Regional Committees are eliminated on consolidation. Only amounts receivable from third parties are disclosed in Note 6. The collectability of debts is assessed at year-end and specific provision is made for any doubtful accounts. The directors believe the full amount is recoverable and therefore, no provision is required. The carrying amount of receivables approximates net fair value.

(g) Payables

Amounts payable by State Councils / Regional Committees to the Company are eliminated on consolidation. Only amounts payable to third parties are disclosed in Note 9

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(h) Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at call deposits with banks.

(i) Comparative figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(j) Authority to issue financial report

The financial report was authorised for issue on 15 April 2014 by the board of directors.

1A Accounting Policies

The directors have considered those Accounting Standards and Interpretations that were issued or amended but not yet effective. It has been concluded that those Accounting Standards and Interpretations would not have a material impact on the entity's future financial statements.

1B Members' Guarantee

Kairos Prison Ministry Australia is a company limited by guarantee. Every member of the company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year afterwards for the payment of the debts and liabilities of the company contracted before he/she ceases to be a member (limited to \$20 each). At 31 December 2013, the number of members was 11.

Notes to the financial statements (continued)

	2013	2012
	\$	\$
2 Revenue from ordinary activities		
Donations & Volunteer Contributions	473,644	443,079
Other Revenues:		
<i>From operating activities</i>		
Government grants for volunteer fuel re-imbursments and small items of equipment	-	21,500
Interest	21,187	25,749
Fundraising	48,977	40,670
Other	<u>3,209</u>	<u>6,319</u>
Total other revenues	<u>73,373</u>	<u>94,238</u>
Total revenue from ordinary activities	<u>547,017</u>	<u>537,317</u>
3 Operating result from ordinary activities		
Before income tax		
Result from ordinary activities before income tax has been arrived at after charging the following items:		
Depreciation		
<i>Plant & Equipment</i>	18,551	26,984
Net expense from movements in provision for:		
<i>Employee entitlements</i>	7,325	1,838
4 Auditor's remuneration		
Auditing of the financial statements:		
Remuneration of the Company's Auditor	<u>10,500</u>	<u>10,000</u>
No other amounts have been paid or are payable to the Auditor for any other services.		

Notes to the financial statements (continued)

	2013	2012
	\$	\$
5 Cash assets		
Cash at bank		
-Acacia, WA	3,323	1,108
-Bathurst, NSW	86	10,306
-Canberra, ACT	3,295	3,926
-Cessnock, NSW	3,799	4,393
-Dawn De Laos	11	-
-Dillwynia, NSW	355	4,290
-Emu Plains, NSW	30	8,288
-Fulham, Vic	345	5,084
-Goulburn, NSW	1,958	710
-Grafton, NSW	92	10
-John Morony I, NSW	-	458
-Junee, NSW	2,745	3,064
-Mannus, NSW	2,157	1,726
-Mid North Coast, NSW	865	385
-New England, NSW	3,554	2,186
-Parklea (CDTCC), NSW	308	804
-St Heliers, NSW	1,401	981
-Kairos Outside -Canberra, ACT	7,113	3,936
-Kairos Outside -Central West, NSW	244	243
-Kairos Outside -Hunter Region, NSW	8,963	9,058
-Kairos Outside -Melbourne, Vic	405	3,820
-Kairos Outside - North Coast	4,673	8,185
-Kairos Outside - New England	7,994	7,586
-Kairos Outside -North Queensland	6,835	4,031
-Kairos Outside -Perth, WA	3,503	3,264
-Kairos Outside -South East Queensland	9,336	2,849
-Kairos Outside -Riverina, NSW	86	6,038
-Kairos Outside -Sydney, NSW	3,325	214
-Kairos Outside -Wide Bay Capricorn, Qld	1,435	4,638
-Kairos Torch, NSW	413	179
-State Council -Queensland	1,795	850
-State Council-South Australia	27,822	28,978
-State Council -Victoria	1,628	1,622
-Support Office, NSW	5,774	5,963
-Wacol - Queensland	11,056	3,579

Continued on next page

Notes to the financial statements (continued)

5 Cash Assets (continued)

	2013	2012
	\$	\$
Cash on hand	981	1,031
Short term deposits		
-Dillwynia, NSW	16,838	18,824
-Fulham, Vic	4,555	10
-Acacia	10	-
-Goulburn, NSW	10,485	13,371
-Grafton, NSW	4,635	5,315
-Bathurst	9,706	-
-Emu Plains	8,616	-
-Junee, NSW	3,853	5,230
-Mid North Coast	4,207	8,169
-New England, NSW	10,358	15,076
-Parklea (CDTCC), NSW	13,533	14,300
-St Heliers, NSW	3,138	3,061
-Wacol, Qld	3,147	6,059
-Dawn de Loas	4,145	-
-Kairos Outside - Perth	50	-
-Kairos Outside – Canberra, ACT	14,716	15,625
-Kairos Outside – Hunter Region, NSW	7,239	7,062
-Kairos Outside - Melbourne, Vic	16,249	20,000
-Kairos Outside – North Coast	77	-
-Kairos Outside - New England	20,937	19,373
-Kairos Outside – North Queensland	7,216	7,040
-Kairos Outside - Riverina	14,192	15,000
-Kairos Outside - South East Queensland	1,781	7,677
-Kairos Outside - Sydney, NSW	42,827	29,575
-Kairos Outside - Wide Bay Capricorn, Qld	11,412	14,760
-Kairos Torch, NSW	5,248	7,086
-State Council - Queensland	3,432	6,902
-State Council - South Australia	62,576	57,409
-Support Office – NSW	284,963	318,571
Total	717,846	759,278

Notes to the financial statements (continued)

	2013	2012
	\$	\$
6 Receivables		
Current		
Other receivables	<u>12,062</u>	<u>12,850</u>
7 Plant and equipment		
Plant and equipment -at cost	140,505	134,324
Less: Accumulated depreciation	<u>115,314</u>	<u>108,944</u>
Total plant and equipment -net book value	<u>25,191</u>	<u>25,380</u>

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

Plant and equipment

Carrying amount at beginning of year	25,380	39,793
Additions	18,360	12,771
Disposal	-	(200)
Depreciation	<u>(18,551)</u>	<u>(26,984)</u>
Carrying amount at end of year	<u>25,191</u>	<u>25,380</u>

Notes to the financial statements (continued)

8 Reserves

The following represents donations received which are required to be expended for nominated activities. The amount held at year end is the residual value of such the income, after funds were used within the terms of the donation during the current year.

The funds received have been included as donations within Donations and incorporated in Revenue from ordinary activities, set out in Note 2.

The expenditure of these reserves has been included in the respective expense items shown in the Income Statement set out on page 7.

Fund	Amount at beginning of year \$	Funds received during year \$	Funds expended during year \$	Amount held at end of year \$
Growth of all aspects of the ministry including Kairos Inside, Kairos Outside and Torch regions.	10,189		10,189	-
For the Program Support and Development Group to develop programs, training and quality and consistency of program development.	20,743	-	14,558	6,185
Development and presentation of Kairos Outside for Men (KOM).	11,411	-	600	10,811
Support for development of new program in Victorian Correctional Facility	18,000	-	-	18,000
Regional support for existing programs.	600	-	-	600
Grant from Dept of Families, Housing, Community Services and Indigenous Affairs (FAHCSIA) to assist volunteers with fuel costs and for the purchase of small items of equipment used by the regions.				
- For period ended 30 September 2013	17,150	-	14,143	3,009
Future Property Purchase	1,500	36,336	-	37,840
Total Reserves	79,593	36,336	39,490	76,445

Notes to the financial statements (continued)

	2013	2012
	\$	\$
9 Payables		
Current		
Other creditors and accruals	<u>19,292</u>	<u>16,665</u>
10 Provisions		
Current		
Employee benefits	<u>11,760</u>	<u>4,435</u>
11 Retained surplus		
(Statement of changes in equity)		
Retained surplus at beginning of year	696,815	604,165
Net surplus for year	<u>(52,367)</u>	<u>26,438</u>
	644,448	630,603
Add Transfer from Reserves (Note 8)	<u>39,490</u>	<u>100,907</u>
	683,938	731,510
Less Transfers to Reserves (Note 8)	<u>36,336</u>	<u>34,695</u>
Retained surplus at end of year	<u>647,602</u>	<u>696,815</u>

12 Segment reporting

The company's operations are confined to the sharing of the love of Jesus Christ in correctional institutions and to family and friends of those who have been or are currently incarcerated.

13 Notes to the statement of cash flows

(i) Reconciliation of cash

For the purpose of the statements of cash flows, cash includes cash in hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

	2013	2012
	\$	\$
Cash on hand and at bank	127,703	143,783
Cash on deposit at bank	<u>590,143</u>	<u>615,495</u>
	<u>717,846</u>	<u>759,278</u>

Notes to the financial statements (continued)

13 Notes to the statement of cash flows (continued)

	2013	2012
	\$	\$
(ii) Reconciliation of operating result after income tax to net cash provided by operating activities		
Operating surplus/(deficit) from ordinary activities	(52,367)	26,438
<i>Adjust non cash items:</i>		
Depreciation	<u>18,551</u>	<u>26,984</u>
Net cash provided from (used in) operating activities before change in assets and liabilities	(33,816)	53,422
<i>Change in assets and liabilities during the financial year:</i>		
Decrease / (Increase) in receivables	788	(4,870)
(Decrease) / Increase in accounts payable and employee entitlements	<u>9,956</u>	<u>(1,696)</u>
Net cash provided by (used in) operating activities	<u>(23,072)</u>	<u>46,856</u>

14 Remuneration of Directors

In accordance with clause 2.4 of the Constitution of the Company, directors' remuneration is not permitted and none was paid.

Directors are entitled to claim reimbursement for expenses incurred in conducting Company business. Such reimbursements are included within the respective expense categories of the Company as shown in the Income Statement.

15 Charitable Fundraising Act (NSW) 1991

The company is an Authority Holder under the above Act.

That Act and its supporting Regulations require additional information to be disclosed in Financial Reports as follows:

- (a) Fundraising Appeals conducted during the financial year:
- Donations from the Public and various Regional Committee volunteers
 - Corporations and Government Grants
 - General Fundraising Activities

Notes to the financial statements (continued)

15 Charitable Fundraising Act (NSW) 1991 (continued)

(b) Statement showing how funds were applied to charitable purposes:

During the current financial year, the company received gross income from the above activities.

	2013	2012
	\$	\$
• Donations from the Public	268,305	236,507
• Corporations and Government	-	34,150
• Regional Committee volunteers	202,431	193,922
• General Fundraising Activities	<u>48,977</u>	<u>40,670</u>
Gross Income Fund Raising	<u>519,713</u>	<u>505,249</u>

The costs of raising this income were as follows

• Donations from the Public	-	-
• Corporations	-	-
• Regional Committee volunteers	-	-
• General Fundraising Activities	<u>10,409</u>	<u>10,638</u>
<u>Cost of Fund Raising</u>	<u>10,409</u>	<u>10,638</u>
<u>Net Proceeds Fund Raising</u>	<u>509,304</u>	<u>494,611</u>

(c) All proceeds were applied to the charitable purposes of the Company as follows:

	2013	2012
	\$	\$
Total Cost of Programs	588,975	500,241
Cost of Fund Raising Activities	<u>10,409</u>	<u>10,638</u>
<u>Total Cost of Ministry</u>	<u>599,384</u>	<u>510,879</u>

(d) Comparison of certain monetary figures and percentages

<u>Cost of Fund Raising</u> x100	<u>10,409</u>	2.0%	2.1%
Gross Income Fund Raising	519,713		
<u>Net Surplus from Fund Raising</u> x100	<u>509,304</u>	98.0%	97.9%
Gross Income Fund Raising	519,713		
<u>Total Cost of Programs</u> x100	<u>588,975</u>	98.3%	97.9%
Total Expenditure	599,384		
<u>Total Cost of Programs</u> x100	<u>588,975</u>	107.7%	93.1%
Total Operating Income	547,017		

Notes to the financial statements (continued)

16 Financial risk management

The Company's activities expose it to a variety of financial risks including fair value, interest rate risk and liquidity risk. These risks are managed and monitored as follows:

(i) Fair value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their net fair values, determined in accordance with generally accepted accounting policies.

(ii) Interest rate risk

The Company has no interest bearing liabilities, therefore the Company's income and operating cash flows are not subject to adverse changes in market interest rates.

The Company's only exposure to interest rate risk as at the reporting date relates to its cash deposits (refer to Note 5), all of which are held by various banks and building societies. All other financial assets and liabilities are non-interest bearing.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and availability of funding.

17 Commitments for expenditure

The company entered into a lease agreement for premises currently occupied by the Kairos Support Office in Hornsby. Under this agreement rental payments (excluding GST) due within 12 months are \$19,840 and after 12 months but less than 19 months \$8,358.

18 Company details

The registered office and principal place of business of the Company is:

Unit 5
30 Leighton Place
Hornsby NSW 2750

The postal address of the Company is:

P O Box 169
Hornsby
NSW 1630

Directors' declaration

In the opinion of the directors of **KAIROS PRISON MINISTRY AUSTRALIA**:

- (a) the financial statements and notes, as set out on pages 7 to 21, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the company as at 31 December 2013 and of its performance, as represented by the results of its operations and its cash flows for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



J. A. Herbert
Director & Chairman
Hornsby 17 April 2014



P. T. Harvey
Director & Treasurer

Declaration made by the Chairman of Directors pursuant to the Charitable Fundraising Act (NSW) 1991

I, **Jeffrey Allan Herbert**, declare that in my opinion:

- 1 the accounts give a true and fair view of all income and expenditure of **KAIROS PRISON MINISTRY AUSTRALIA** with respect to fundraising appeals; and
- 2 the provisions of the Charitable Fundraising Act 1991 and the regulations under the Act and the conditions attached to the authority have been complied with.
- 3 the internal controls exercised by the company are appropriate and effective in accounting for all income received.



J. A. Herbert
Director & Chairman
Hornsby NSW
17 April 2014

PETER F BENSON
Chartered Accountant
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INDEPENDENT AUDIT REPORT
to the Members of
KAIROS PRISON MINISTRY AUSTRALIA
(hereinafter referred to as "KPMA")

Report on the Financial Report

I have audited the accompanying Financial Report of KPMA which comprises the Income Statement for the year ended 31st December, 2013, Balance Sheet as at that date, Statement of Cash Flows for the year then ended, Notes to the Financial Statements for the year then ended and Directors' Declaration signed in accordance with a resolution of the Board on 17th April 2014.

Directors' Responsibility for the Financial Report

The Directors of KPMA are responsible for the preparation and fair presentation of the Financial Report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation of the Financial Report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the Financial Report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about amounts and disclosures in the Financial Report. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the Financial Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to KPMA's preparation and fair presentation of the Financial Report 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 KPMA's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Continued next page

INDEPENDENT AUDIT REPORT
to the Members of
KAIROS PRISON MINISTRY AUSTRALIA

Continued from previous page

Independence

In conducting my audit, I have complied with the independence requirements of the Corporations Act 2001. I confirm that the independence declaration required by that Act, provided to the directors of KPMA, would be in the same terms if provided to the directors as at the date of this audit report.

Qualification

As is common with entities such as KPMA, it is not practical for KPMA to maintain an effective system of internal control over donations and other fundraising activities until their initial entry in the accounting records. Accordingly, the audit in relation to fundraising was limited to amounts recorded.

Auditor's Opinion

Subject to any financial effects arising from the qualification above, in my opinion :

the Financial Report of KPMA is in accordance with the Corporations Act 2001, including :

- (i) giving a true and fair view of KPMA's financial position as at 31st December 2013 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001.

Furthermore, as required by the Charitable Fundraising Act (NSW) 1991, I report that, in my opinion :

- (iii) the accounts and associated records have been properly kept in accordance with that Act; and
- (iv) money received as a result of fundraising appeals conducted during the year has been properly accounted for.

The directors have signed a declaration (page 22) that there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



PETER F. BENSON
Chartered Accountant

Dated this 17th day of April 2014