



kairos
PRISON MINISTRY AUSTRALIA



KAIROS PRISON MINISTRY AUSTRALIA

A Company Limited By Guarantee ABN 55 081 496 175

PO BOX 169, HORNSBY NSW 1630

Telephone (02) 9987 2016

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e-mail: accounts@kairos.org.au

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

Annual Financial Report

31 December 2017

PATRONS

The Most Rev. Dr Philip L. Freier
Primate, Anglican Church in Australia

Mr Stuart McMillan
President, Uniting Church in Australia

Most Rev. Anthony Fisher
Catholic Archbishop of Sydney



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 2017 and the independent audit report thereon.

Directors

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

Name	Special Responsibilities	Qualifications & Experience
Banks, Glen Elizabeth (Mar 2015 – August 2017) Deceased 1 August 2017		Chair of Social Justice UCA, Kairos team and committee member
Bothma, Benjamen (Oct 2017 – Feb 2018)		Advanced Diploma Community Services, Lecturer Community Services, Kairos Team member
Brown, Barry (Feb 2015 – current)		Consular Officer DFAT 40years Accounting & Financial Management & visiting Australians in gaols overseas, Kairos team member
Vicki Buchanan (Feb 18 – current)		Certificate 3 Business
French, Ian (Jun 2017 – current)	Treasurer (Jun 2016-current)	B Commerce CPA, Fellow CPA Auditor for Parish Council St Albans
Harvey, Vernon (Oct 2017- current)		B Economics (Hons) PHD Consulting to and working in banks insurance and finance companies NSW SC member and Kairos team member
Lyons, Thomas (Jun 2017-current)		LLB B Com Retired Solicitor Former member of the Parish Finance Council Kairos team member
Michaux-Armel, Suzanne (Oct 2015-Feb 2017)		Fellow of Australian Organisation for Quality. Kairos team member since 2004
Saunders, Ian (Feb 2013 – Apr 2017)	Chair (from June 2015 – April 2017)	BA, Dip Math Statist, PhD, CStat. Member SA State Council 2003 – present. Team member since 2003.
Samson, Selwyn (May 2016 – December 2017)		Master in Business Administration, Degree in Culinary Arts Management (BSc Hon) Advanced Dip. Project Management, Kairos involvement since 2007.
Starr, John (August 2013 – current)	Company Secretary (from Sep 2014 - current)	Real estate valuer retired, Kairos team member since 2000.
Stewart, William Desmond (Mar 2012 – current)	Acting Chair Nov 2017	Diploma in Agriculture. Kairos team member since 2004. NSW State Committee Chair.
Stone, Brian (Apr 2016 – Dec 2017)	Chair (from Mar 2017-Oct 2017)	Business Owner P&NG, Local Govt Councillor Bush Fire Brigade Sec, team member since 2014
Trost, Gregory (Feb 2012 – Feb 2018)		Grad. Dip Bus IR; Assoc. Dip Bus Mgt; Sr. 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
Banks, Glen ⁴	11	6
Bothma, Benjamin ⁴	3	3
Brown, Barry	11	10
French, Ian	6	6
Harvey, Vernon ¹	3	3
Lyons, Thomas	6	6
Michaux-Armel, Suzanne	0	0
Samson, Selwyn ³	11	6
Saunders, Ian	3	3
Starr, John	11	10
Stewart, William Desmond	11	9
Stone, Brian	10	9
Trost, Gregory ²	11	10
Woodward, Peter	4	3

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 were 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 (\$44,188) (2016: surplus of \$53,411). The surplus includes donations received for the Future Property Purchase Fund (\$6,270) and a trust distribution (\$20,000). The company is exempt from income tax.

Dividends

In accordance with clause 8 (a) 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 is continually endeavouring to expand its operations into new areas of activity. However expansion is constrained by the availability of funds.

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 71) indemnifies each Director of the Company out of the assets of the Company, to the relevant extent, against all losses and liabilities (including costs, expenses and charges) incurred by that person as an officer of the company.

Relevant extent means to the extent that the company is not precluded by law, (including the Corporations Act) and for an amount that the officer is not actually indemnified by another person (including an insurer under an insurance policy).

In pursuance of section 199A of the Corporations Act, a person may be indemnified from actions 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.

Insurance Premiums

Since the end of the previous financial year the Company has paid all insurance premia 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 indemnify any director or officer for liability incurred in their capacity as a director or officer, for loss arising out of any claim by reason of any wrongful act, which claim is first made against them during the period of insurance to a limit of \$10 million.

Company Secretary

John Starr was appointed company secretary 13 September 2014. He is a retired real estate valuer.

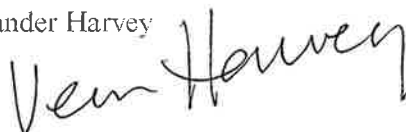
Auditor's Independence Declaration

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:

Vernon Alexander Harvey

Director



Ian French

Director



Hornsby NSW 17 March 2018

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 2017.



Peter F Benson, FCA
Registered Company Auditor
17 George Johnson Place Kincumber NSW
PO Box 198, The Entrance NSW 2261

17 March 2018

Income Statement

For the year ended 31 December 2017

	Note	2017 \$	2016 \$
Total revenue from ordinary activities	2	<u>562,942</u>	<u>638,895</u>
Less			
Program expenses		282,003	312,226
Employee costs		178,113	137,174
Auditor's expense	4	8,800	12,650
Communications including newsletters & data base		32,772	23,824
Depreciation expense	7	10,046	9,156
Fundraising expenses	15	12,301	9,757
Insurance expense		6,475	7,752
National Conference/Workshops		5,219	3,850
Program Support and Development		10,481	15,169
Rental of Premises		20,584	20,489
Other expenses		<u>40,336</u>	<u>33,437</u>
Total expenses		<u>607,130</u>	<u>585,484</u>
 Operating (deficit)/ surplus for the year		 <u>(44,188)</u>	 <u>53,411</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 2017

	Note	<u>2017</u>	<u>2016</u>
Current Assets		\$	\$
Cash Assets	5	807,328	836,974
Receivables	6	<u>15,396</u>	<u>17,399</u>
Total current assets		822,724	854,373
Non-current assets			
Property, plant and equipment	7	<u>19,040</u>	<u>24,028</u>
Total Assets		<u>841,764</u>	<u>878,401</u>
Current Liabilities			
Payables	9	20,486	19,367
Provisions	10	<u>17,607</u>	<u>11,175</u>
Total Current Liabilities		<u>38,093</u>	<u>30,542</u>
Total Liabilities		<u>38,093</u>	<u>30,542</u>
Net Assets		<u>803,671</u>	<u>847,859</u>
Accumulated Funds			
Retained surpluses	11	562,552	588,825
Reserves	8	<u>241,119</u>	<u>259,034</u>
Total Accumulated Funds		<u>803,671</u>	<u>847,859</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 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		502,764	571,677
Cash receipts from fundraising activities	15	54,538	60,116
Cash payments for fundraising activities	15	(12,301)	(9,757)
Cash payments in the course of operations		(575,212)	(561,556)
Interest received	2	<u>5,640</u>	<u>7,102</u>
Net cash (used in)/ provided by/ operating activities	13(ii)	<u>(24,571)</u>	<u>67,582</u>
Cash flows from investing activities			
Net cash used in investing activities	7	<u>(5,075)</u>	<u>(12,737)</u>
Net increase (decrease) in cash held		(29,646)	54,845
Cash at the beginning of the financial year		<u>836,974</u>	<u>782,129</u>
Cash at the end of the financial year	13(i)	<u>807,328</u>	<u>836,974</u>

Statement of changes in equity

For the year ended 31 December 2017

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 is 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 expense.

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

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

(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:

	2017	2016
General plant -straight line	15%	15%
Office equipment -straight line	15-33%	15-33%

(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 17 March 2018 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 2017, the number of members was 9.

Notes to the financial statements (continued)

	2017	2016
	\$	\$
2 Revenue from ordinary activities		
Donations & Volunteer Contributions	478,457	527,567
Other Revenues:		
<i>From operating activities</i>		
Trust distributions	20,000	30,000
Interest	5,640	7,102
Fundraising	54,538	60,116
Grants received	0	3,327
Other	<u>4,307</u>	<u>10,783</u>
Total other revenues	<u>84,485</u>	<u>111,328</u>
Total revenue from ordinary activities	<u>562,942</u>	<u>638,895</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>	(10,046)	(9,156)
Net (Income) expense from movements in provision for:		
<i>Employee entitlements</i>	6,432	5,817
4 Auditor's remuneration		
Auditing of the financial statements:	11,100	12,650
Over Provision Previous Year	(2,300)	0
Amounts paid or payable to the Auditor for any other services.	<u>0</u>	<u>0</u>
	<u>8,800</u>	<u>12,650</u>

Notes to the financial statements (continued)

	2017	2016
	\$	\$
5 Cash assets		
Cash at bank		
-Acacia, WA	2,528	1,895
-Bathurst, NSW	1,524	2,360
-Canberra, ACT	3,432	1,438
-Cessnock, NSW	2,437	4,785
-Dawn De Laos, NSW	10	33
-Dillwynia, NSW	3,750	2,232
-Emu Plains, NSW	742	197
-Fulham, Vic	1,220	524
-Goulburn, NSW	8,637	8,788
-Grafton, NSW	46	60
-June, NSW	1,652	1,935
-Mannus, NSW	2,179	2,392
-Mid North Coast, NSW	10,955	17,009
-New England, NSW	8,286	8,703
-Parklea (CDTCC), NSW	2,571	3,312
-Southern Queensland	1,514	1,051
-St Heliers, NSW	1,723	1,172
-Wacol - Queensland	5,486	12,398
-Kairos Outside –Canberra Monaro, ACT	-1,673	2,272
-Kairos Outside -Central West, NSW	575	1,010
-Kairos Outside -Hunter Region, NSW	16,878	18,784
-Kairos Outside -Melbourne, Vic	738	16
-Kairos Outside -North Coast, NSW	466	2,036
-Kairos Outside -New England, NSW	1,523	1,728
-Kairos Outside -North Queensland	8,998	7,795
-Kairos Outside -Perth, WA	3,282	4,944
-Kairos Outside -Riverina, NSW	1,518	1,810
-Kairos Outside -South Coast NSW	11,547	18,427
-Kairos Outside -South East Queensland	3,717	7,987
-Kairos Outside -Sydney, NSW	8,064	1,816
-Kairos Outside -Wide Bay Capricorn, Qld	904	893
-Kairos Outside -Men Sydney	7,314	2,285
-Kairos Torch, NSW	2,617	1,135
-State Council -Queensland	5,743	5,021
-State Council -South Australia	28,141	27,194
-State Council -Victoria	973	1,638
-Support Office, NSW	28,790	21,389
Cash on hand	699	983
Short term deposits (listed next page)	<u>617,822</u>	<u>637,527</u>
Total Cash	<u>807,328</u>	<u>836,974</u>

Notes to the financial statements (continued)

	2017	2016
	\$	\$
5 Cash assets		
Cash at bank	(continued)	(continued)
Short term deposits		
-Acacia WA	11	11
-Bathurst NSW	6,331	8,303
-Dawn De Loas NSW	3,550	3,814
-Dillwynia, NSW	4,932	4,981
-Emu Plains NSW	6,417	9,343
-Fulham, Vic	5,488	5,471
-Grafton, NSW	3,231	4,069
-Junee, NSW	2,985	2,975
-Mid North Coast, NSW	4,386	4,371
-New England, NSW	8,220	8,192
-Parklea (CDTCC), NSW	9,657	9,625
-Southern Queensland	2581	5,445
-St Heliers, NSW	3,281	3,270
-Wacol, Qld	12,762	7,692
-KO Men, NSW	0	6,000
-Kairos Outside – Canberra Monaro, ACT	16,683	17,581
-Kairos Outside - Hunter NSW	767	764
-Kairos Outside - Melbourne Vic	6,107	6,736
-Kairos Outside - New England NSW	11,869	16,785
-Kairos Outside - North Coast NSW	4,347	1,040
-Kairos Outside - North Queensland	10,616	10,555
-Kairos Outside - Perth WA	10,069	10,005
-Kairos Outside - Riverina NSW	7,323	9,293
-Kairos Outside – South Coast NSW	1,871	439
-Kairos Outside - South East Queensland	0	1,857
-Kairos Outside - Sydney, NSW	39,356	48,611
-Kairos Outside - Wide Bay Capricorn, Qld	10,087	11,025
-Kairos Outside - Central West, NSW	7,263	10,035
-Kairos Torch, NSW	5,686	4,168
-State Council - Queensland	635	633
-State Council - South Australia	60,000	70,000
-Support Office – NSW	<u>351,311</u>	<u>334,438</u>
Total Short Term Deposits (previous page)	<u>617,822</u>	<u>637,527</u>

Notes to the financial statements (continued)

	2017	2016
	\$	\$
6 Receivables		
Current		
Other receivables	<u>15,396</u>	<u>17,399</u>
7 Plant and equipment		
Plant and equipment -at cost	152,738	148,742
Less: Accumulated depreciation	<u>133,698</u>	<u>124,714</u>
Total plant and equipment -net book value	<u>19,040</u>	<u>24,028</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	24,028	20,445
Additions	5,075	12,739
Depreciation	(10,046)	(9,156)
Disposal	<u>(17)</u>	<u>0</u>
Carrying amount at end of year	<u>19,040</u>	<u>24,028</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 \$
For the Program Support and Development Group to develop programs, training and quality and consistency of program development.	6,185	-	-6,185	0
Support for development of new program in Victorian Correctional Facility. In consultation with the donor the funds have been used in the general furtherance of the ministry.	18,000	-	-18,000	0
Future Property Purchase	234,849	6,270	-	241,119
Total Reserves	259,034	6,270	-24,185	241,119

Notes to the financial statements (continued)

	2017	2016
	\$	\$
9 Payables		
Current		
Other creditors and accruals	<u>20,486</u>	<u>19,367</u>
10 Provisions		
Current		
Employee benefits	<u>17,607</u>	<u>11,175</u>
11 Retained surplus		
(Statement of changes in equity)		
Retained surplus at beginning of year	588,825	539,194
Net (deficit)/surplus for year	<u>(44,188)</u>	<u>53,411</u>
	544,637	592,605
Add Transfer from Reserves (Note 8)	<u>24,185</u>	<u>0</u>
	568,822	592,605
Less Transfers to Reserves (Note 8)	<u>(6,270)</u>	<u>(3,780)</u>
Retained surplus at end of year	<u>562,552</u>	<u>588,825</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:

	2017	2016
	\$	\$
Cash on hand and at bank	189,506	199,447
Cash on deposit at bank	<u>617,822</u>	<u>637,527</u>
	<u>807,328</u>	<u>836,974</u>

Notes to the financial statements (continued)

13 Notes to the statement of cash flows (continued)

	2017	2016
	\$	\$
(ii) Reconciliation of operating result after income tax to net cash provided by operating activities		
Operating surplus/(deficit) from ordinary activities	(44,188)	53,411
<i>Adjust non-cash items:</i>		
Loss on Disposal of Assets	17	0
Depreciation	<u>10,046</u>	<u>9,156</u>
Net cash provided from operating activities before change in assets and liabilities	(34,125)	62,567
<i>Change in assets and liabilities during the financial year:</i>		
Decrease / (Increase) in receivables	2003	(2,760)
(Decrease) / Increase in accounts payable and employee entitlements	<u>7,551</u>	<u>7,775</u>
Net cash (utilised)/ provided by operating activities	<u>(24,571)</u>	<u>67,582</u>

14 Remuneration of Directors

In accordance with clause 46 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
 - Trust Distributions
 - 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.

	2017	2016
	\$	\$
• Donations from the Public	295,382	304,265
• Trust Distribution	20,000	30,000
• Regional Committee volunteers	183,075	214,183
• General Fundraising Activities	54,538	60,116
Gross Income Fund Raising	<u>552,995</u>	<u>608,564</u>
The costs of raising this income were as follows		
• Donations from the Public		
• Trust Distribution		
• Regional Committee volunteers		
• General Fundraising Activities	<u>12,301</u>	<u>9,757</u>
<u>Cost of Fund Raising</u>	<u>12,301</u>	<u>9,757</u>
<u>Net Proceeds Fund Raising</u>	<u>540,694</u>	<u>589,807</u>

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

Total Cost of Programs	594,829	575,727
Cost of Fund Raising Activities	<u>12,301</u>	<u>9,757</u>
<u>Total Cost of Ministry</u>	<u>607,130</u>	<u>585,484</u>

(d) Comparison of certain monetary figures and percentages

<u>Cost of Fund Raising</u> x100 Gross Income Fund Raising	2.2%	1.6%
<u>Net Surplus from Fund Raising</u> x100 Gross Income Fund Raising	97.8%	98.4%
<u>Total Cost of Programs</u> x100 Total Expenditure	98.0%	98.3%
<u>Total Cost of Programs</u> x100 Total Operating Income	105.7%	90.1%

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

From 1 January 2017, the Company was operating on a month by month lease agreement with a two month notice period. The Company has, from 1 January 2018, signed a twelve month lease agreement for a total commitment of \$20,993 and has the option to renew for a further twelve month period.

18 Company details

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

Unit 5
30 Leighton Place
Hornsby NSW 2077

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 2017 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:



Vernon Alexander Harvey
Director
Hornsby 17 March 2018



Ian French
Director

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

I, Vernon Alexander Harvey, 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.



Vernon Alexander Harvey
Director
Hornsby NSW
17 March 2018

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, 2017, 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 March 2018.

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 2017 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 March 2018