



kairos
PRISON MINISTRY AUSTRALIA



KAIROS PRISON MINISTRY AUSTRALIA

A Company Limited By Guarantee ABN 55 081 496 175

PO BOX 169, HORNSBY NSW 1630

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

Annual Financial Report 31 December 2015

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 2015 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, Ben (Jan 2012 – April 2015)		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
Banks, Glen Elizabeth (Mar 2015 – current)		Chair of Social Justice UCA, Kairos team and committee member
Harvey, Peter (Sep 2013 – current)	Treasurer (from Sep 2013 – current)	B.Com (UNSW) CPA. CFO for Not for Profit. Kairos team member
Hedrik, Mavis (May 2010 – current)		Dip Teach, Dip Marketing & Advertising, B Com (Marketing), Hotelier (retired).
Herbert, Jeffrey (May 2010 – current)	Chair (April 2012-June 2015)	Advanced Dip Teaching. Team member since 1999.
Marshall, Leslie (July 2010 – current)	Spiritual Director (from Oct 2012 – current)	Dip Elect & Electronic Eng. Dip Theology. Chair WA State Council. Team member since 2002.
Michaux-Armel, Suzanne (Oct 2015-current)		Fellow of Australian Organisation for Quality, Kairos team member since 2004
Saunders, Ian (Feb 2013 – current)	Chair (from June 2015 – current)	BA,Dip Math Statist, PhD, CStat. Member SA State Council 2003 – present. Team member since 2003.
Soden, Alan (Aug 2015 – current)		Former General Secretary of Baptist Union, Director & Co Secretary Baptist Financial Services
Sopru, Coraine (May 2009 – Nov 2015)		Diploma of Teaching. Kairos team member since 2004.
Starr, John (August 2013 – current)	Company Secretary (from Sep 2014 - 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
Banks, Glen ⁴	9	8
Bothma, Ben	4	3
Brown, Barry	9	8
Harvey, Peter	10	8
Hedrik, Mavis	10	9
Herbert, Jeffrey	10	7
Marshall, Leslie	10	9
Michaux-Armel, Suzanne	3	3
Saunders, Ian	10	8
Soden, Alan	4	3
Sopru, Coraine ³	7	5
Starr, John	10	9
Stewart, William Desmond ¹	10	9
Trost, Gregory ²	10	10

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 surplus of the company amounted to \$2,216 (2014: surplus of \$68,186). The surplus includes donations received for the Future Property Purchase Fund (\$21,020) and a trust distribution (\$30,000). The company is exempt from income tax.

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 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 18.1) provides that every Director, Auditor, Secretary and other officers 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 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 meet the full amount of any such liabilities including costs and expenses to a limit of \$10 million. The insurance premia 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

John Starr was appointed company secretary 13 September 2014. He is a retired real estate valuer and a Trustee of Woronora Cemetery NSW.

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:



I Saunders

Director & Chairman



P. T. Harvey

Director & Treasurer

Hornsby NSW 23 April 2016

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 2015.



Peter F Benson, FCA
Registered Company Auditor
19/18-24 Battley Avenue, The Entrance NSW
PO Box 198, The Entrance NSW 2261

23 April 2016

Income Statement

For the year ended 31 December 2015

		2015	2014
	Note	\$	\$
Total revenue from ordinary activities	2	<u>646,088</u>	<u>697,833</u>
Less			
Program expenses		309,726	286,542
Employee costs		153,011	164,794
Auditor's expense	4	14,983	12,700
Communications including newsletters & data base		32,615	69,867
Depreciation expense	7	9,782	12,209
Fundraising expenses	15	9,721	14,472
Grants Expended		15,000	0
Insurance expense		6,067	8,150
National Conference		18,663	0
Program Support and Development		23,905	11,709
Rental of Premises		18,406	19,851
Travel expenses		6,406	1,800
Other expenses		<u>25,587</u>	<u>27,553</u>
Total expenses		<u>643,872</u>	<u>629,647</u>
 Operating surplus for the year		 <u>2,216</u>	 <u>68,186</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 2015

	Note	2015 \$	2014 \$
Current assets			
Cash assets	5	782,129	793,502
Receivables	6	<u>14,639</u>	<u>9,235</u>
Total current assets		796,768	802,737
Non-current assets			
Property, plant and equipment	7	<u>20,445</u>	<u>21,112</u>
Total assets		<u>817,213</u>	<u>823,849</u>
Current liabilities			
Payables	9	17,407	18,528
Provisions	10	<u>5,358</u>	<u>13,089</u>
Total current liabilities		<u>22,765</u>	<u>31,617</u>
Total liabilities		<u>22,765</u>	<u>31,617</u>
Net assets		<u>794,448</u>	<u>792,232</u>
Accumulated Funds			
Retained surpluses	11	539,194	539,851
Reserves	8	<u>255,254</u>	<u>252,381</u>
Total Accumulated Funds		<u>794,448</u>	<u>792,232</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 2015

	Note	2015 \$	2014 \$
Cash flows from operating activities			
Cash receipts in the course of operations		580,548	630,295
Cash receipts from fundraising activities	15	52,253	48,516
Cash payments for fundraising activities	15	(9,721)	(14,472)
Cash payments in the course of operations		(638,625)	(599,575)
Interest received	2	<u>13,287</u>	<u>19,022</u>
Net cash provided by/(used in) operating activities	13(ii)	<u>(2,258)</u>	<u>83,786</u>
Cash flows from investing activities			
Net cash used in investing activities		<u>(9,115)</u>	<u>(8,130)</u>
Net increase (decrease) in cash held		(11,373)	75,656
Cash at the beginning of the financial year		<u>793,502</u>	<u>717,846</u>
Cash at the end of the financial year	13(i)	<u>782,129</u>	<u>793,502</u>

Statement of changes in equity For the year ended 31 December 2015

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 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:

	2015	2014
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 23 April 2016 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 2015, the number of members was 12.

Notes to the financial statements (continued)

	2015	2014
	\$	\$
2 Revenue from ordinary activities		
Donations & Volunteer Contributions	508,741	597,117
Other Revenues:		
<i>From operating activities</i>		
Trust distributions	30,000	30,000
Interest	13,287	19,022
Fundraising	52,253	48,516
Grants received	15,000	0
Conference Support	21,665	0
Other	<u>5,142</u>	<u>3,178</u>
Total other revenues	<u>137,347</u>	<u>100,716</u>
Total revenue from ordinary activities	<u>646,088</u>	<u>697,833</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>	(9,782)	(12,044)
Net (Income) expense from movements in provision for:		
<i>Employee entitlements</i>	(7,731)	(1,329)
4 Auditor's remuneration		
Auditing of the financial statements:		
Remuneration of the Company's Auditor	11,683	10,700
Amounts paid or payable to the Auditor for any other services.	<u>3,300</u>	<u>2,000</u>
	<u>14,983</u>	<u>12,700</u>

Notes to the financial statements (continued)

	2015	2014
	\$	\$
5 Cash assets		
Cash at bank		
-Acacia, WA	1,963	3,435
-Bathurst, NSW	1,193	894
-Canberra, ACT	1,644	2,465
-Cessnock, NSW	6,509	9,720
-Dawn De Laos, NSW	33	211
-Diillwynia, NSW	1,562	10,852
-Emu Plains, NSW	286	168
-Fulham, Vic	248	329
-Goulburn, NSW	2,545	1,604
-Grafton, NSW	60	22
-Junee, NSW	3,520	3,653
-Mannus, NSW	5,671	3,426
-Mid North Coast, NSW	4,539	1,235
-New England, NSW	10,021	9,422
-Parklea (CDTCC), NSW	519	870
-Southern Queensland	1,839	234
-St Heliers, NSW	2,266	1,789
-Wacol - Queensland	6,694	10,649
-Kairos Outside -Canberra, ACT	6,893	8,574
-Kairos Outside -Central West, NSW	10,388	4,520
-Kairos Outside -Hunter Region, NSW	6,626	11,906
-Kairos Outside -Melbourne, Vic	367	263
-Kairos Outside -Mid North Coast, NSW	842	56
-Kairos Outside -New England , NSW	2,894	3,718
-Kairos Outside -North Queensland	13,654	9,002
-Kairos Outside -Perth, WA	2,244	2,954
-Kairos Outside -Riverina, NSW	852	1,401
-Kairos Outside -South Coast NSW	19,573	2,676
-Kairos Outside -South East Queensland	4,064	5,679
-Kairos Outside -Sydney, NSW	902	2,399
-Kairos Outside -Wide Bay Capricorn, Qld	583	1,657
-Kairos Outside -Men Sydney	6,479	0
-Kairos Torch, NSW	645	269
-State Council -Queensland	3,885	5,377
-State Council -South Australia	41,038	34,754
-State Council -Victoria	1,635	1,633
-Support Office, NSW	47,658	47,437
Cash on hand	981	981
Short term deposits (listed next page)	<u>558,814</u>	<u>587,268</u>
Total Cash	<u>782,129</u>	<u>793,502</u>

Notes to the financial statements (continued)

	2015	2014
	\$	\$
5 Cash assets		
Cash at bank		
	(continued)	
Short term deposits		
-Acacia WA	10	10
-Bathurst NSW	6,608	7,699
-Dawn De Loas NSW	3,786	4,232
-Dillwynia, NSW	4,981	4,980
-Emu Plains NSW	9,852	10,192
-Fulham, Vic	5,432	5,764
-Goulburn, NSW	7,294	7,200
-Grafton, NSW	4,039	4,226
-Junee, NSW	2,952	2,914
-Mid North Coast, NSW	1,625	4,283
-New England, NSW	8,131	8,026
-Parklea (CDTCC), NSW	12,231	12,264
-Southern Queensland	4,896	0
-St Heliers, NSW	3,240	3,204
-Wacol, Qld	4,650	4,591
-Kairos Outside - Canberra, ACT	18,396	15,117
-Kairos Outside - Hunter NSW	7,739	7,392
-Kairos Outside - Melbourne Vic	9,125	11,486
-Kairos Outside - New England NSW	16,616	16,362
-Kairos Outside - North Coast NSW	4,338	1,610
-Kairos Outside - North Queensland	7,465	7,369
-Kairos Outside - Perth WA	2,584	51
-Kairos Outside - Riverina NSW	11,684	11,505
-Kairos Outside - South Coast NSW	436	0
-Kairos Outside - South East Queensland	1,843	1,819
-Kairos Outside - Sydney, NSW	41,120	42,817
-Kairos Outside - Wide Bay Capricorn, Qld	11,514	11,683
-Kairos Torch, NSW	2,449	4,355
-State Council - Queensland	629	621
-State Council - South Australia	62,854	62,729
-Support Office - NSW	<u>280,295</u>	<u>312,767</u>
Total Short Term Deposits (previous page)	<u>558,814</u>	<u>587,268</u>

Notes to the financial statements (continued)

	2015	2014
	\$	\$
6 Receivables		
Current		
Other receivables	<u>14,639</u>	<u>9,235</u>
7 Plant and equipment		
Plant and equipment -at cost	150,406	148,635
Less: Accumulated depreciation	<u>129,961</u>	<u>127,523</u>
Total plant and equipment -net book value	<u>20,445</u>	<u>21,112</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	21,112	25,191
Additions	9,115	8,130
Depreciation	<u>(9,782)</u>	<u>(12,209)</u>
Carrying amount at end of year	<u>20,445</u>	<u>21,112</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
Development and presentation of Kairos Outside for Men (KOM).	10,626	-	10,626	0
Support for development of new program in Victorian Correctional Facility	18,000	-	-	18,000
General support for existing programs.	8,250	-	8,250	0
Future Property Purchase	209,320	21,749	-	231,069
Total Reserves	252,381	21,749	18,876	255,254

Notes to the financial statements (continued)

	2015	2014
	\$	\$
9 Payables		
Current		
Other creditors and accruals	<u>17,407</u>	<u>18,528</u>
10 Provisions		
Current		
Employee benefits	<u>5,358</u>	<u>13,089</u>
11 Retained surplus		
(Statement of changes in equity)		
Retained surplus at beginning of year	539,851	647,602
Net surplus for year	<u>2,216</u>	<u>68,186</u>
	542,067	715,788
Add Transfer from Reserves (Note 8)	<u>18,876</u>	<u>12,043</u>
	560,943	727,831
Less Transfers to Reserves (Note 8)	<u>21,749</u>	<u>187,980</u>
Retained surplus at end of year	<u>539,194</u>	<u>539,851</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:

	2015	2014
	\$	\$
Cash on hand and at bank	223,315	206,234
Cash on deposit at bank	<u>558,814</u>	<u>587,268</u>
	<u>782,129</u>	<u>793,502</u>

Notes to the financial statements (continued)

13 Notes to the statement of cash flows (continued)

	2015	2014
	\$	\$
(ii) Reconciliation of operating result after income tax to net cash provided by operating activities		
Operating surplus/(deficit) from ordinary activities	2,216	68,186
<i>Adjust non cash items:</i>		
Depreciation	<u>9,782</u>	<u>12,209</u>
Net cash provided from operating activities before change in assets and liabilities	11,998	80,395
<i>Change in assets and liabilities during the financial year:</i>		
Decrease / (Increase) in receivables	(5,404)	2,826
(Decrease) / Increase in accounts payable and employee entitlements	<u>(8,852)</u>	<u>565</u>
Net cash provided by operating activities	<u>(2,258)</u>	<u>83,786</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
 - 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.

	2015	2014
	\$	\$
• Donations from the Public	279,887	411,029
• Trust Distribution	30,000	30,000
• Regional Committee volunteers	244,482	185,920
• General Fundraising Activities	<u>52,253</u>	<u>48,516</u>
Gross Income Fund Raising	<u>606,622</u>	<u>675,465</u>

The costs of raising this income were as follows

• Donations from the Public		-
• Trust Distribution		-
• Regional Committee volunteers		-
• General Fundraising Activities	<u>9,721</u>	<u>14,472</u>
<u>Cost of Fund Raising</u>	<u>9,721</u>	<u>14,472</u>

<u>Net Proceeds Fund Raising</u>	<u>596,901</u>	<u>660,993</u>
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(c) All proceeds were applied to the charitable purposes of the Company as follows:

Total Cost of Programs	634,151	615,175
Cost of Fund Raising Activities	<u>9,721</u>	<u>14,472</u>
<u>Total Cost of Ministry</u>	<u>643,872</u>	<u>629,647</u>

(d) Comparison of certain monetary figures and percentages

<u>Cost of Fund Raising</u> x100 Gross Income Fund Raising	1.6%	2.1%
<u>Net Surplus from Fund Raising</u> x100 Gross Income Fund Raising	98.4%	97.9%
<u>Total Cost of Programs</u> x100 Total Expenditure	98.5%	97.7%
<u>Total Cost of Programs</u> x100 Total Operating Income	98.2%	88.2%

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. From 1 January 2016, the Company is operating on a month by month lease agreement with a two month notice period.

Baptist Financial Services has made available a pre-approved loan of \$300,000 for the purchase of a property. The loan is repayable over a 20 year period at a variable interest rate of 5.95% pa. The loan was due to be taken up by 1 March 2016 after which time a commitment fee of 1%pa may apply.

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 2015 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:



Ian Saunders
Director & Chairman
Hornsby 23 April 2016



P. T. Harvey
Director & Treasurer

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

I, **Ian Saunders**, 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.



Ian Saunders
Director & Chairman
Hornsby NSW
23 April 2016

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, 2015, 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 23rd April 2016.

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 2015 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 23rd day of April 2016

