



## 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 2016

### 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 2016 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
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 – Dec 2016)	Treasurer (from Sep 2013 – Dec 2016)	B.Com (UNSW) CPA. CFO for Not for Profit. Kairos team member
Hedrik, Mavis (May 2010 – Apr 2016)		Dip Teach, Dip Marketing & Advertising, B Com (Marketing), Hotelier (retired).
Herbert, Jeffrey (May 2010 – Apr 2016)	Chair (April 2012-June 2015)	Advanced Dip Teaching. Team member since 1999.
Marshall, Leslie (July 2010 – July 2016)	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-Feb 2017)		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.
Samson, Selwyn (May 2016 – current)		Master in Business Administration, Degree in Culinary Arts Management (BSc Hon) Advanced Dip. Project Management, Kairos involvement since 2007.
Soden, Alan (Aug 2015 – Dec 2016)		Former General Secretary of Baptist Union, Director & Co Secretary Baptist Financial Services
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)		Diploma in Agriculture. Kairos team member since 2004. NSW State Committee Chair.
Stone, Brian (Apr 2016 – current)		Business Owner P&NG, Local Govt Councillor Bush Fire Brigade Sec, team member since 2014
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:

	<b>Eligible to attend</b>	<b>Attended</b>
Banks, Glen <sup>4</sup>	11	9
Brown, Barry	11	9
Harvey, Peter	11	8
Hedrik, Mavis	3	3
Herbert, Jeffrey	3	3
Marshall, Leslie	5	5
Michaux-Armel, Suzanne	11	6
Samson, Selwyn <sup>3</sup>	7	4
Saunders, Ian	11	11
Soden, Alan	11	7
Starr, John	11	8
Stewart, William Desmond <sup>1</sup>	11	10
Stone, Brian	8	6
Trost, Gregory <sup>2</sup>	11	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 \$53,411 (2015: surplus of \$2,216). The surplus includes donations received for the Future Property Purchase Fund (\$3,780) 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.

### **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:



Ian Saunders

Director



John Starr

Director

Hornsby NSW 8 April 2017

**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 2016.



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

8 April 2017

## Income Statement

### For the year ended 31 December 2016

	Note	2016 \$	2015 \$
<b>Total revenue from ordinary activities</b>	2	<u>638,895</u>	<u>646,088</u>
<b>Less</b>			
Program expenses		312,226	309,726
Employee costs		137,174	153,011
Auditor's expense	4	12,650	14,983
Communications including newsletters & data base		23,824	32,615
Depreciation expense	7	9,156	9,782
Fundraising expenses	15	9,757	9,721
Grants Expended		0	15,000
Insurance expense		7,752	6,067
National Conference/Workshops		3,850	18,663
Program Support and Development		15,169	23,905
Rental of Premises		20,489	18,406
Travel expenses		0	6,406
Other expenses		<u>33,437</u>	<u>25,587</u>
Total expenses		<u>585,484</u>	<u>643,872</u>
 <b>Operating surplus for the year</b>		 <u><b>53,411</b></u>	 <u><b>2,216</b></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 2016

	Note	<u>2016</u>	<u>2015</u>
<b>Current Assets</b>		\$	\$
<b>Cash Assets</b>	5	836,974	782,129
<b>Receivables</b>	6	<u>17,399</u>	<u>14,639</u>
<b>Total current assets</b>		854,373	796,768
<b>Non-current assets</b>			
Property, plant and equipment	7	<u>24,028</u>	<u>20,445</u>
<b>Total Assets</b>		<b><u>878,401</u></b>	<b><u>817,213</u></b>
<b>Current Liabilities</b>			
Payables	9	19,367	17,407
Provisions	10	<u>11,175</u>	<u>5,358</u>
<b>Total Current Liabilities</b>		<b><u>30,542</u></b>	<b><u>22,765</u></b>
<b>Total Liabilities</b>		<b><u>30,542</u></b>	<b><u>22,765</u></b>
<b>Net Assets</b>		<b><u>847,859</u></b>	<b><u>794,448</u></b>
<b>Accumulated Funds</b>			
Retained surpluses	11	588,825	539,194
Reserves	8	<u>259,034</u>	<u>255,254</u>
<b>Total Accumulated Funds</b>		<b><u>847,859</u></b>	<b><u>794,448</u></b>

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 2016

		2016	2015
	Note		\$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		571,677	580,548
Cash receipts from fundraising activities	15	60,116	52,253
Cash payments for fundraising activities	15	(9,757)	(9,721)
Cash payments in the course of operations		(561,556)	(638,625)
Interest received	2	<u>7,102</u>	<u>13,287</u>
<b>Net cash provided by/(used in) operating activities</b>	13(ii)	<b><u>67,582</u></b>	<b><u>(2,258)</u></b>
<b>Cash flows from investing activities</b>			
Net cash used in investing activities	7	<u>12,737</u>	<u>(9,115)</u>
Net increase (decrease) in cash held		54,845	(11,373)
Cash at the beginning of the financial year		<u>782,129</u>	<u>793,502</u>
<b>Cash at the end of the financial year</b>	13(i)	<b><u>836,974</u></b>	<b><u>782,129</u></b>

## Statement of changes in equity

### For the year ended 31 December 2016

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:

	<b>2016</b>	<b>2015</b>
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 8 April 2017 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 2016, the number of members was 9.

## Notes to the financial statements (continued)

	2016	2015
	\$	\$
<b>2 Revenue from ordinary activities</b>		
Donations & Volunteer Contributions	527,567	508,741
<b>Other Revenues:</b>		
<i>From operating activities</i>		
Trust distributions	30,000	30,000
Interest	7,102	13,287
Fundraising	60,116	52,253
Grants received	3,327	15,000
Conference Support	0	21,665
Other	<u>10,783</u>	<u>5,142</u>
Total other revenues	<u>111,328</u>	<u>137,347</u>
<b>Total revenue from ordinary activities</b>	<b><u>638,895</u></b>	<b><u>646,088</u></b>
<b>3 Operating result from ordinary activities</b>		
Before income tax		
Result from ordinary activities before income tax has been arrived at after charging the following items:		
Depreciation		
<i>Plant &amp; Equipment</i>	(9,156)	(9,782)
Net (Income) expense from movements in provision for:		
<i>Employee entitlements</i>	5,817	(7,731)
<b>4 Auditor's remuneration</b>		
Auditing of the financial statements:		
Remuneration of the Company's Auditor	12,650	11,683
Amounts paid or payable to the Auditor for any other services.	<u>0</u>	<u>3,300</u>
	<b><u>12,650</u></b>	<b><u>14,983</u></b>

**Notes to the financial statements (continued)**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>5 Cash assets</b>		
<b>Cash at bank</b>		
-Acacia, WA	1,895	1,963
-Bathurst, NSW	2,360	1,193
-Canberra, ACT	1,438	1,644
-Cessnock, NSW	4,785	6,509
-Dawn De Laos, NSW	33	33
-Dillwynia, NSW	2,232	1,562
-Emu Plains, NSW	197	286
-Fulham, Vic	524	248
-Goulburn, NSW	8,788	2,545
-Grafton, NSW	60	60
-Junee, NSW	1,935	3,520
-Mannus, NSW	2,392	5,671
-Mid North Coast, NSW	17,009	4,539
-New England, NSW	8,703	10,021
-Parklea (CDTCC), NSW	3,312	519
-Southern Queensland	1,051	1,839
-St Heliers, NSW	1,172	2,266
-Wacol - Queensland	12,398	6,694
-Kairos Outside -Canberra, ACT	2,272	6,893
-Kairos Outside -Central West, NSW	1,010	10,388
-Kairos Outside -Hunter Region, NSW	18,784	6,626
-Kairos Outside -Melbourne, Vic	16	367
-Kairos Outside -North Coast, NSW	2,036	842
-Kairos Outside -New England , NSW	1,728	2,894
-Kairos Outside -North Queensland	7,795	13,654
-Kairos Outside -Perth, WA	4,944	2,244
-Kairos Outside -Riverina, NSW	1,810	852
-Kairos Outside -South Coast NSW	18,427	19,573
-Kairos Outside -South East Queensland	7,987	4,064
-Kairos Outside -Sydney, NSW	1,816	902
-Kairos Outside -Wide Bay Capricorn, Qld	893	583
-Kairos Outside -Men Sydney	2,285	6,479
-Kairos Torch, NSW	1,135	645
-State Council -Queensland	5,021	3,885
-State Council -South Australia	27,194	41,038
-State Council -Victoria	1,638	1,635
-Support Office, NSW	21,389	47,658
<b>Cash on hand</b>	983	981
<b>Short term deposits (listed next page)</b>	<u>637,527</u>	<u>558,814</u>
<b>Total Cash</b>	<u><b>836,974</b></u>	<u><b>782,129</b></u>

**Notes to the financial statements (continued)**

	<b>2016</b>	<b>2015</b>
	\$	\$
<b>5 Cash assets</b>		
<b>Cash at bank</b>	<b>(continued)</b>	<b>(continued)</b>
<b>Short term deposits</b>		
-Acacia WA	11	10
-Bathurst NSW	8,303	6,608
-Dawn De Loas NSW	3,814	3,786
-Dillwynia, NSW	4,981	4,981
-Emu Plains NSW	9,343	9,852
-Fulham, Vic	5,471	5,432
-Goulburn, NSW	0	7,294
-Grafton, NSW	4,069	4,039
-Junee, NSW	2,975	2,952
-Mid North Coast, NSW	4,371	4,338
-New England, NSW	8,192	8,131
-Parklea (CDTCC), NSW	9,625	12,231
-Southern Queensland	5,445	4,896
-St Heliers, NSW	3,270	3,240
-Wacol, Qld	7,692	4,650
-KO Men, NSW	6,000	0
-Kairos Outside - Canberra, ACT	17,581	18,396
-Kairos Outside - Hunter NSW	764	7,739
-Kairos Outside - Melbourne Vic	6,736	9,125
-Kairos Outside - New England NSW	16,785	16,616
-Kairos Outside - North Coast NSW	1,040	1,625
-Kairos Outside - North Queensland	10,555	7,465
-Kairos Outside - Perth WA	10,005	2,584
-Kairos Outside - Riverina NSW	9,293	11,684
-Kairos Outside - South Coast NSW	439	436
-Kairos Outside - South East Queensland	1,857	1,843
-Kairos Outside - Sydney, NSW	48,611	41,120
-Kairos Outside - Wide Bay Capricorn, Qld	11,025	11,514
-Kairos Outside - Central West, NSW	10,035	0
-Kairos Torch, NSW	4,168	2,449
-State Council - Queensland	633	629
-State Council - South Australia	70,000	62,854
-Support Office - NSW	<u>334,438</u>	<u>280,295</u>
<b>Total Short Term Deposits (previous page)</b>	<b><u>637,527</u></b>	<b><u>558,814</u></b>

**Notes to the financial statements (continued)**

	2016	2015
	\$	\$
<b>6 Receivables</b>		
Current		
Other receivables	<u>17,399</u>	<u>14,639</u>
<b>7 Plant and equipment</b>		
Plant and equipment -at cost	148,742	150,406
Less: Accumulated depreciation	<u>124,714</u>	<u>129,961</u>
Total plant and equipment -net book value	<u>24,028</u>	<u>20,445</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	20,445	21,112
Additions	12,739	9,115
Depreciation	<u>(9,156)</u>	<u>(9,782)</u>
<b>Carrying amount at end of year</b>	<u>24,028</u>	<u>20,445</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
Support for development of new program in Victorian Correctional Facility	18,000	-	-	18,000
Future Property Purchase	231,069	3,780	-	234,849
<b>Total Reserves</b>	<b>255,254</b>	<b>3,780</b>	<b>0</b>	<b>259,034</b>

**Notes to the financial statements (continued)**

	2016	2015
	\$	\$
<b>9 Payables</b>		
<b>Current</b>		
Other creditors and accruals	<u>19367</u>	<u>17,407</u>
<b>10 Provisions</b>		
<b>Current</b>		
Employee benefits	<u>11,175</u>	<u>5,358</u>
<b>11 Retained surplus</b>		
<b>(Statement of changes in equity)</b>		
Retained surplus at beginning of year	539,194	539,851
Net surplus for year	<u>53,411</u>	<u>2,216</u>
	592,605	542,067
Add Transfer from Reserves (Note 8)	<u>0</u>	<u>18,876</u>
	592,605	560,943
Less Transfers to Reserves (Note 8)	<u>3,780</u>	<u>21,749</u>
<b>Retained surplus at end of year</b>	<b><u>588,825</u></b>	<b><u>539,194</u></b>

**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:

	2016	2015
	\$	\$
Cash on hand and at bank	199,447	223,315
Cash on deposit at bank	<u>637,527</u>	<u>558,814</u>
	<b><u>836,974</u></b>	<b><u>782,129</u></b>

## Notes to the financial statements (continued)

### 13 Notes to the statement of cash flows (continued)

	2016	2015
	\$	\$
<b>(ii) Reconciliation of operating result after income tax to net cash provided by operating activities</b>		
Operating surplus/(deficit) from ordinary activities	53,411	2,216
<i>Adjust non cash items:</i>		
Depreciation	<u>9,156</u>	<u>9,782</u>
Net cash provided from operating activities before change in assets and liabilities	62,567	11,998
<i>Change in assets and liabilities during the financial year:</i>		
Decrease / (Increase) in receivables	(2,760)	(5,404)
(Decrease) / Increase in accounts payable and employee entitlements	<u>7,775</u>	<u>(8,852)</u>
Net cash provided by operating activities	<u><b>67,582</b></u>	<u><b>(2,258)</b></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.

	2016	2015
	\$	\$
• Donations from the Public	304,265	279,887
• Trust Distribution	30,000	30,000
• Regional Committee volunteers	214,183	244,482
• General Fundraising Activities	<u>60,116</u>	<u>52,253</u>
Gross Income Fund Raising	<u>608,564</u>	<u>606,622</u>

The costs of raising this income were as follows

• Donations from the Public		
• Trust Distribution		
• Regional Committee volunteers		
• General Fundraising Activities	<u>9,757</u>	<u>9,721</u>
<u>Cost of Fund Raising</u>	<u>9,757</u>	<u>9,721</u>

<u>Net Proceeds Fund Raising</u>	<u>589,807</u>	<u>596,901</u>
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(c) All proceeds were applied to the charitable purposes of the Company as follows:

Total Cost of Programs	575,727	634,151
Cost of Fund Raising Activities	<u>9,757</u>	<u>9,721</u>
<b><u>Total Cost of Ministry</u></b>	<b><u>585,484</u></b>	<b><u>643,872</u></b>

(d) Comparison of certain monetary figures and percentages

<u>Cost of Fund Raising</u> x100 Gross Income Fund Raising	1.6%	1.6%
<u>Net Surplus from Fund Raising</u> x100 Gross Income Fund Raising	98.4%	98.4%
<u>Total Cost of Programs</u> x100 Total Expenditure	98.3%	98.5%
<u>Total Cost of Programs</u> x100 Total Operating Income	90.1%	98.2%

## **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**

From 1 January 2016, the Company is operating on a month by month lease agreement with a two month notice 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 2016 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  
Hornsby 8 April 2017



John Starr  
Director

## **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  
Hornsby NSW  
8 April 2017

**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, 2016, 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 8th April 2017.

**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 2016 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 8th day of April 2017