



CHRIST IS THE  
ANSWER MINISTRIES  
[CITAM]

**ADC | ANNUAL  
DELEGATES CONFERENCE**

**2022**

**AUDITED FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2021**

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“ **God is most glorified in us when we are most satisfied in Him.**

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John Piper



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ANSWER MINISTRIES  
[CITAM]



# **ADC** | ANNUAL DELEGATES CONFERENCE



# 2022

**AUDITED** FINANCIAL STATEMENTS  
AS AT **31 DECEMBER 2021**





**CHRIST IS THE ANSWER MINISTRIES (CITAM)**

**AUDITED FINANCIAL STATEMENTS**

**AS AT 31 DECEMBER 2021**

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**KKCO East Africa LLP**  
**Certified Public Accountants**  
**P. O. Box 46335 - 00100**  
**NAIROBI**

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## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Ministry Information

<b>DEACON BOARD MEMBERS</b>	<ul style="list-style-type: none"> <li>: Rev. Calisto Odede</li> <li>: Rev. Dr. John Karita</li> <li>: Mr. Martin Munyu</li> <li>: Mrs. Unny Nzioka</li> <li>: Mr. David Kitur</li> <li>: Mr. Caleb Mutali</li> <li>: Mr. Richard Arina</li> <li>: Mr. George Asoyo</li> <li>: Mrs. Christine Ojera</li> <li>: Mrs. Catherine Wahome</li> <li>: Mr. Abraham Irudhayaraj</li> <li>: Ms. Esther Chengo</li> <li>: Mrs. Mercy Mukiiri</li> <li>: Mr. James Munene</li> <li>: Rev. Kenneth Isige</li> </ul>	<ul style="list-style-type: none"> <li>- Chairman/Presiding Bishop</li> <li>- Vice Chairman/Deputy Bishop</li> <li>- Secretary</li> <li>- Treasurer</li> <li>- Director for Administration (Ex-officio)</li> </ul>
<b>REGISTERED ADDRESS</b>	<ul style="list-style-type: none"> <li>: Christ Is The Answer Ministries</li> <li>2nd Parklands Avenue</li> <li>P. O. Box 42254 - 00100</li> <li>NAIROBI</li> </ul>	
<b>PRINCIPAL BANKERS</b>	<ul style="list-style-type: none"> <li>: Co-operative Bank of Kenya Ltd.</li> <li>University Way Branch</li> <li>P. O. Box 48231-00100</li> <li>NAIROBI</li> </ul>	
	<ul style="list-style-type: none"> <li>: KCB Bank Kenya Ltd.</li> <li>Sarit Centre Branch</li> <li>P. O. Box 14959-00800</li> <li>NAIROBI</li> </ul>	
	<ul style="list-style-type: none"> <li>: Stanbic Bank Kenya Ltd.</li> <li>Waiyaki Way Branch</li> <li>P. O. Box 30550</li> <li>NAIROBI</li> </ul>	
<b>LEGAL ADVISORS</b>	<ul style="list-style-type: none"> <li>: GMM Advocates</li> <li>Maharaja House, 2nd Floor</li> <li>Shivach Road, Opposite MP Shah Hospital</li> <li>P. O. Box 54073-00200</li> <li>NAIROBI</li> </ul>	
<b>INDEPENDENT AUDITORS</b>	<ul style="list-style-type: none"> <li>: KKCO East Africa LLP</li> <li>Certified Public Accountants of Kenya</li> <li>1st Floor, Scripture Union Centre, Hurlingham</li> <li>P. O. Box 46335-00100</li> <li>NAIROBI, Kenya</li> </ul>	





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Report of the Deacon Board

The Deacon Board has pleasure in presenting its report together with the audited financial statements for the year ended 31st December 2021.

#### REGISTRATION

CITAM is registered under the Kenyan Societies Act under Certificate Number 8870.

#### PRINCIPAL ACTIVITY

The principal activity of the Ministry is "to know God and make Him known through evangelism and discipleship".

#### FINANCIAL PERFORMANCE OVERVIEW

This is presented in the Report of the Treasurer report pages on 3 to 9.

#### RESULTS

The results for the year are set out in the Statement of Comprehensive Income on page 18.

#### CITAM CORPORATE GOVERNANCE

The statement of Corporate Governance is set out on pages 10 to 14.

#### DEACON BOARD MEMBERS

The names of the members who served during the year and upto the date of this report are set out on page 1.

Changes during the year were as follows :-

##### Joined on 24/04/2021

- Ms. Mercy Mukiiri
- Mr. James Munene

##### Term ended on 24/04/2021

- Mrs Caroline Wambugu
- Dr. Martin Kiogora

Rev. Kenneth Isige (Ex-officio) joined as Director for Administration on 1st August 2021. He replaced Rev. Elias Mwaura who was deployed to Head the Missions Department on 31st July 2021.

#### INDEPENDENT AUDITORS

The auditors, KKCO East Africa LLP, Certified Public Accountants, have completed their term in office and are not eligible for reappointment in accordance with the Ministry Constitution.

March 21, 2022

By Order of the Deacon Board

  
Secretary





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Report of the Treasurer

#### 2021 OVERVIEW

##### Operating Environment

The operating environment in the year 2021 improved compared to the previous year following a phased resumption to normalcy. This was attributable to the reduction in the positivity rate of COVID-19 and subsequent vaccination exercise rolled out by the government. Recovery from the negative impact of the pandemic started at a slow pace; picking up as the year progressed amidst growing uncertainty. The disruptions witnessed in the previous year eased off as the global economy opened up.

The ministry recorded an impressive performance despite the seasons of uncertainty that characterized the financial year. Leveraging on technology and timely adoption of digital platforms played a key role in ministry continuity.

The consistent and faithful giving by members and other partners strengthened the financial base enabling the ministry to swiftly resume operations.

##### Financial performance

##### Income

Total income for the year 2021 increased by 29% to KSh 2.53 billion up from KSh 1.96 billion. This was attributable to the gradual lifting of Covid-19 restrictions that resulted in re-opening of learning institutions, revival of businesses and relaxation of the ban on social gatherings.

Assemblies' income increased by 9% with most of the Assemblies recording income growth in 2021 compared to 2020. This was as attributable to significant increase in Tithe and offerings majorly in the new and young Assemblies.

Business units' income increased by 171% to KSh 684 million up from KSh 252 million in 2020. This was attributable to reopening of hotels, eateries, learning institutions, increased pupil enrolment in our schools and revised school academic calendar from 3 terms to 4 terms in a year.

Outreach ministries' income increased by 3% to KSh 220 million up from KSh 213 million in 2020. This was mainly due to inter-unit sales from CITAM Broadcasting Service (CBS) program offered by Hope media. There was increased grant income for special projects.

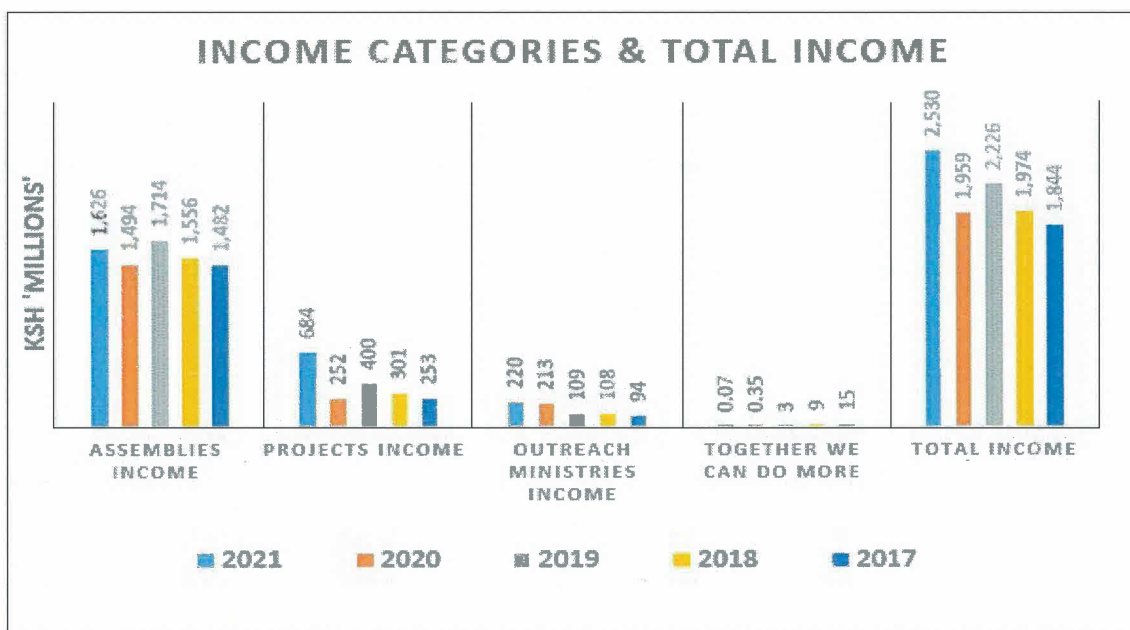
Below is the analysis of total income for the last five (5) years

	2021 KES Millions	2020 KES Millions	2019 KES Millions	2018 KES Millions	2017 KES Millions
Assemblies Income (Note 4)	1,626	1,494	1,714	1,556	1,482
Projects Income (Note 5)	684	252	400	301	253
Outreach ministries Income (Note 6)	220	213	109	108	94
Together we can do more (Note 7)	0.07	0.35	3	9	15
<b>Total Income</b>	<b>2,530</b>	<b>1,959</b>	<b>2,226</b>	<b>1,974</b>	<b>1,844</b>





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer.../(Contd.)*Year on Year percentage growth in Income*

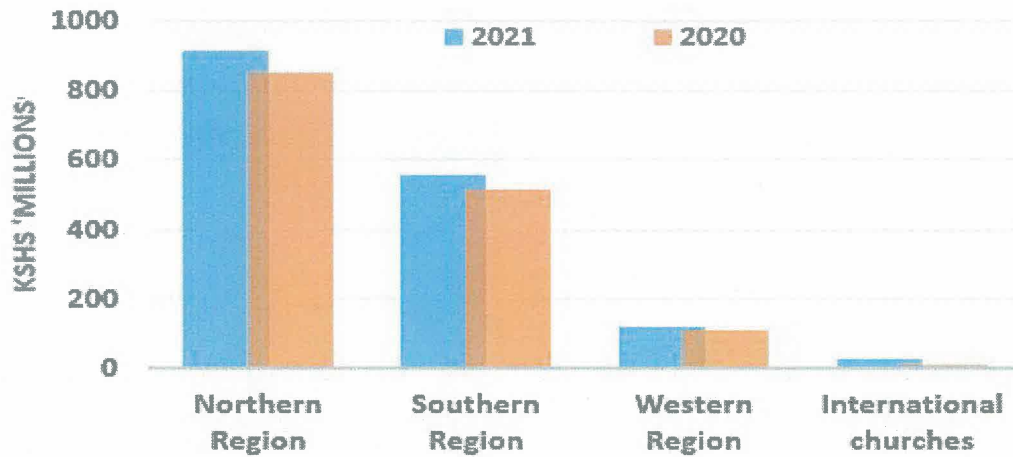
	2020 - 2021	2019 - 2020	2018 - 2019
Assemblies Income	9%	-13%	10%
Projects Income	171%	-37%	33%
Outreach ministries Income	3%	95%	1%
Together we can do more	-80%	-88%	-67%
<b>Total</b>	<b>29%</b>	<b>-12%</b>	<b>11%</b>

*Below is an analysis of total income by region*

Region	2021 KES Millions	2020 KES Millions
Northern Region	915	853
Southern Region	557	515
Western Region	120	109
International churches	25	14
<b>Total</b>	<b>1,617</b>	<b>1,491</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)**INCOME BY REGION 2021-2020****Expenditure**

Total operating expenditure for the year 2021 grew by 25% to KSh 1.85 billion up from KSh 1.48 billion reported in 2020. This increase was occasioned by the resumption of normal operations.

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

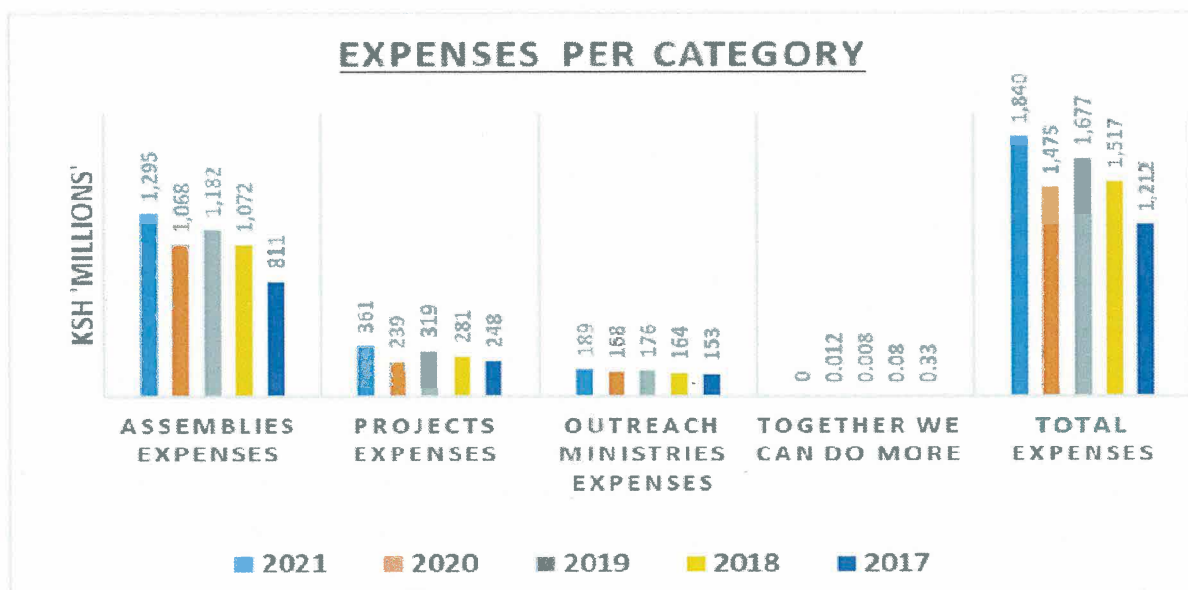
	2021 KES Millions	2020 KES Millions	2019 KES Millions	2018 KES Millions	2017 KES Millions
Assemblies Expenses (Note 4)	1,295	1,068	1,182	1,072	811
Projects expenses (Note 5)	361	239	319	281	248
Special Outreach Ministries expenses (Note 6)	189	168	176	164	153
Together We Can Do More (Note 7)	-	0.012	0.008	0.08	0.33
<b>Totals</b>	<b>1,845</b>	<b>1,475</b>	<b>1,677</b>	<b>1,517</b>	<b>1,212</b>

**Year on Year percentage growth in Expenses**

	2020 - 2021	2019 - 2020	2018 - 2019	2017- 2018
Assemblies expenses	21%	-10%	10%	32%
Projects expenses	51%	-25%	14%	13%
Special Outreach Ministries expenses	13%	-5%	8%	7%
Together We Can Do More expenses	-100%	50%	-89%	-75%
<b>Totals</b>	<b>25%</b>	<b>-12%</b>	<b>11%</b>	<b>25%</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

Compared to the year 2020, there was a general increase in operating expenses as noted below.

Staff expenses increased by 11% to KSh 674 million from KSh 608 million attributed to staff engagements, promotions, and reinstatement of benefits/allowances that had been suspended in the year 2020.

Administrative expenses increased by 42% to KSh 637 million from KES 450 million following a gradual return to full operations.

Ministry expenses grew by 28% to KSh 535 million from KES 417 million due to resumption of in-person church activities.

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

Expenditure category	2021 KES Millions	2020 KES Millions	2019 KES Millions	2018 KES Millions	2017 KES Millions
Staff expenses	674	608	653	604	521
Administrative expenses	637	450	606	549	398
Ministry expenses	535	417	418	364	294
Together We Can Do More expenses	-	0.012	0.008	0.08	0.33
Capital expenditure	489	195	327	312	543
<b>Total Expenses</b>	<b>2,335</b>	<b>1,670</b>	<b>2,004</b>	<b>1,829</b>	<b>1,756</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

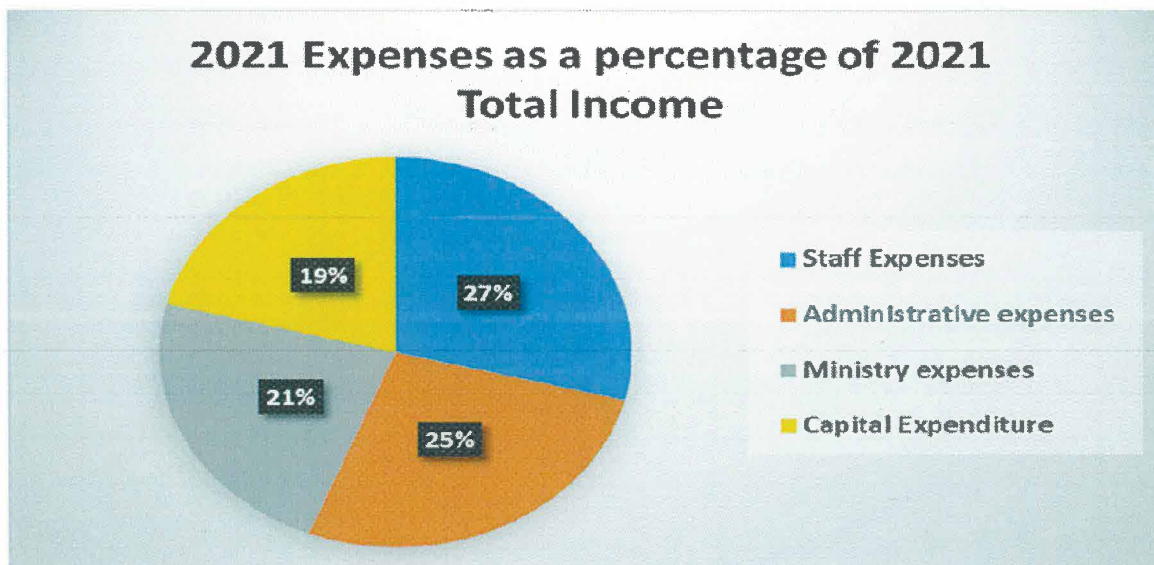
Report of the Treasurer..../(Contd.)

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

	2021	2020	2019	2018	2017
Number of staff	611	523	554	500	491
Number of Assemblies	27	27	27	21	19
Number of Schools	7	7	7	8	8
Number of other units	22	21	18	17	16
Number of Outreach ministries	7	7	6	9	9

*Total expenses expressed as a percentage of the total income for the last five (5) years.*

Expenditure category	2021	2020	2019	2018	2017
Staff Expenses	27%	31%	29%	31%	28%
Administrative expenses	25%	23%	27%	28%	22%
Ministry expenses	21%	21%	19%	18%	16%
Capital Expenditure (CAPEX)	19%	10%	15%	16%	29%

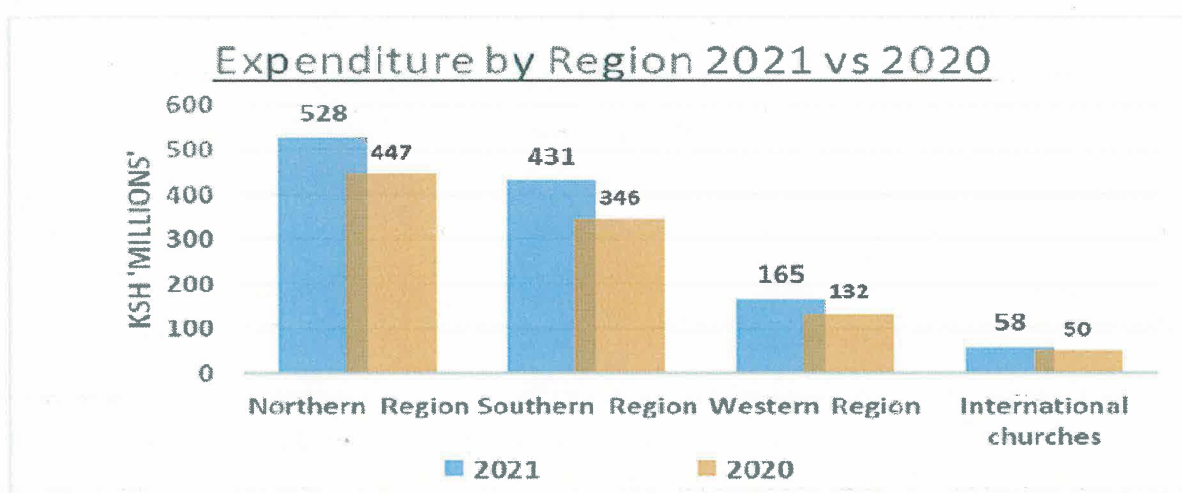




## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)*Below is the analysis of the expenses per region*

	2021 Kshs Millions	2020 Kshs Millions
Northern Region	528	447
Southern Region	431	346
Western Region	165	132
International churches	58	50

**Surplus**

Surplus before Capital Expenditure increased by 42% to KSh 684 million from KSh 485 million reported in 2020. This was driven by the Ministry's overall increase in total income in the year 2021.

There was an increase in Capital expenditure by 151% to Ksh 485 million in the year 2021 up from Ksh 195 million following the resumption of infrastructural developments that had been suspended in 2020.

Net surplus for the year declined by 48% in the year 2021 to KSh 195 million from KSh 289 million reported in 2020.

	2021	2020	2019	2018	2017
	Kshs millions	Kshs millions	Kshs millions	Kshs millions	Kshs millions
Surplus before Capital Expenditure	684	485	514	458	631
Net Surplus for the year	196	289	187	145	88

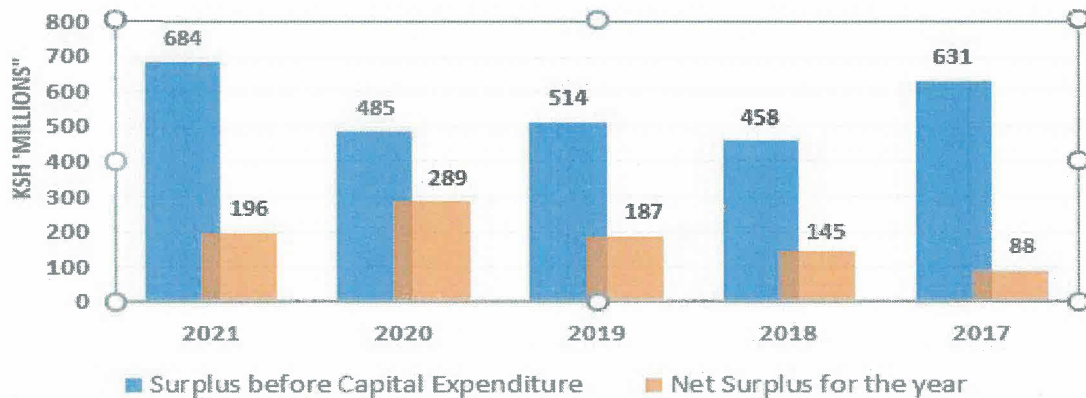


## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

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

**Surplus before and after capital expenditure**

**Conclusion**

As a Deacon Board we are indebted to the Lord God Almighty for His guidance, wisdom and provision.

We appreciate all CITAM congregants and partners for praying and faithfully giving to God.

Sincere gratitude to CITAM staff for your patience and willingness to serve through seasons of uncertainty.

May the Lord perfect that which concerns you.

Not to us, O LORD, not to us but to Your name be the glory, because of Your love and faithfulness (Psalms 115:1).

March 21, 2022

*Diana*  
\_\_\_\_\_  
Church Treasurer



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Statement of Corporate Governance

Christ Is The Answer Ministries (CITAM) is cognizant of the fact that good corporate practices play a fundamental role in the prudent management of the affairs of the organization. In view of this, CITAM has devotedly continued to unrelentingly strengthen and uphold high standards of Corporate Governance.

Authority, as mandated in CITAM's constitution, is directed, and controlled within the set governance structures. The structures have been established with a primary objective of enhancing prosperity, sustainability, and corporate accountability with the ultimate objective of realising the ministry's long-term values and vision. CITAM is committed to its core values and principles of good governance and therefore diligently seeks to ensure that all its affairs are done with commitment, integrity, transparency, and accountability. CITAM has a broad and detailed governance structure which is well stipulated in the Ministry constitution.

### **Whistle Blowing Policy**

CITAM has established a Whistle Blowing Policy to ensure that all CITAM staff and stakeholders are protected from any form of danger or victimization because of exposing any violation. The policy ensures that all the reported cases are well investigated and acted upon by relevant offices as stipulated. The policy encourages and enables employees and others to raise alarm on internal malpractices/violations so that CITAM can address and correct inappropriate conduct and actions. All whistleblowing concerns are treated with strictest confidence and CITAM takes all reasonable steps to protect the identity of the whistle-blowers from any detriment within the Ministry.

### **Head Office ISO Certification**

CITAM Head Office qualified for ISO 9001: 2015 standard certification. This was after going through thorough Quality Management Systems (QMS) preparations and subsequent rigorous audits by SGS audit firm. SGS is well known for offering a range of world-leading testing, inspection and certification services.

ISO 9001:2015 is an international standard dedicated to Quality Management Systems (QMS). The QMS is the aggregate of all the processes, resources, assets, and cultural values that support the goal of customer satisfaction and organizational efficiency. ISO certification certifies that a management system, manufacturing process, service, or documentation procedure has all the requirements for standardization and quality assurance. The aim of the standard is to help organisations meet the needs of their customers and other stakeholders more effectively. This is achieved by building a framework to ensure consistent quality in the provision of goods and/or services.

By using ISO 9001:2015, Head Office consistently provides their customers with high quality products and services. The process of continual improvement ensures more efficiency, reduction of errors and maintenance of high standard of service delivery.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

#### Deacon Board

The Deacon Board plays its fundamental oversight role in the formulation and implementation of policies, strategies and processes that reflect good corporate governance. The board has consistently provided leadership in the administrative, business, and legal matters by ensuring effective governance and fiduciary oversight of the Ministry. It has monitored and reviewed the performance of the Ministry in their areas of mandate and ensured that the internal controls are adequate and strong enough to safeguard the Ministry's resources.

There is an established clear separation of duties between the board and management which is always maintained. The Deacon Board makes all policy decisions while management implements the decisions of the Board through daily operations.

The Deacon Board meets at least quarterly in a year, but additional meetings may be held on a need basis. This is aimed at receiving relevant information to make timely decisions affecting the Ministry.

Where necessary Deacon Board appoints task forces and ad hoc committees with a given mandate and timelines.

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

The table below shows the Deacon Board members who served during the year.

MEMBERS	REMARKS
Bishop Calisto Odede	Chairman
Bishop John Karita	Vice -Chairman
Mrs. Caroline Wambugu	Church Treasurer term ended on 24.04.2021
Mrs Unny Nzioka	Church Treasurer appointed on 24.04.2021
Mr. Martin Munyu	Church Secretary
Dr. Martin Kiogora	Term ended on 24.04.2021
Mr. George Asoyo	Member
Mrs. Christine Ojera	Member
Mrs. Catherine Wahome	Member
Mr. David Kitur	Member
Mr. Caleb Mutali	Member
Mr. Richard Arina	Member
Mr. Abraham Irudhayaraj	Member
Ms Esther Chengo	Member
Mrs. Mercy Mukiiri	Joined on 24.04.2021
Mr. James Munene	Joined on 24.04.2021
Rev. Elias Mwaura	Ex-Officio - Left on 31.07.2021
Rev. Kenneth Isige	Ex-Officio - joined on 01.08.2021

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Statement of Corporate Governance..../(Contd.)**

The table below shows the number of Deacon Board meetings held during the year.

S. No	DATE OF MEETING	ATTENDANCE
1	12 <sup>th</sup> - 13 <sup>th</sup> February 2021	17
2	5 <sup>th</sup> March 2021	17
3	20 <sup>th</sup> March 2021	12
4	16 <sup>th</sup> April 2021	16
5	12 <sup>th</sup> June 2021	15
6	31 <sup>st</sup> July 2021	16
7	2 <sup>nd</sup> September 2021	15
8	27 <sup>th</sup> November 2021	16

**Composition of the Deacon Board**

The Deacon Board comprises of the Presiding Bishop (Chairman), the Deputy Bishop (Deputy Chairman), the Director For Administration (DFA), not more than 12 elected members, and 3 co-opted members where necessary, (for smooth and efficient running of the church business). The members are nominated at the Assembly level but are elected at the supreme organ of the Ministry which is the ADC.

The Board members have a wide range of skills and experience, and each bring independent judgement and considerable knowledge which may be useful and helpful in the board discussions.

**Delegation of Authority**

The Deacon Board has ten (10) sub committees with delegated authorities. The committees assist the Board in discharging its responsibilities. The committees have clearly defined roles and terms of reference. The sub-committees meet regularly to deliberate on issues that fall under their mandate.

The table below shows the Deacon Board Sub Committees and the respective chairperson during the year.

	Committees	No. of members	Chaired by:
1	Finance committee	7	Deacon Unny Nzioka.
2	Audit & Risk Management committee	7	Deacon Richard Arina
3	Human Resources Committee	6	Deacon Catherine Wahome
4	ICT committee	4	Deacon James Munene
5	Media Board/Caretaker Committee	7	Deacon Abraham Raj
6	Business Management Committee	9	Deacon David Kitur
7	Building Committee	6	Deacon Caleb Mutali
8	Legal Committee	4	Deacon Martin Munyu
9	CITAM Children Centre Committee	8	Deacon Christine Ojera
10	Education Committee	7	Deacon Christine Ojera



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

In addressing certain unique needs that face the Ministry, the Board may constitute ad hoc committees, or taskforces to address the said issues.

#### Elders Council

The Elders' Council takes the responsibility for safeguarding the vision and mission of the church and oversees all spiritual matters of the church. They perform all the duties as stipulated in the constitution.

The Elders' Council meet at least four (4) times a year, but the Presiding Bishop may convene more meetings on need basis. A total of thirteen (13) meetings were held during the year.

The table below shows the Elders' Council members who served in the year 2021.

	COUNCIL MEMBER	COMMENT
1	Bishop Calisto Odede	Chairman
2	Bishop Dr. John Karita	Vice Chairman
3	Elder Don Odera	Secretary w.e.f 24/04/2021
4	Elder Geoffrey Kihara	Secretary: Term ended on 24/04/2021
5	Elder Marcellina M'Mwirichia	Term ended on 24/04/2021
6	Elder Teresia Biu	Elder
7	Elder James Maina	Elder
8	Elder Lawrence Oseje	Elder
9	Elder Boniface Musembi	Elder
10	Elder Joash Aloo	Elder: Joined on 24/04/2021
11	Elder Agnes Mungai	Elder: Joined on 24/04/2021
12	Rev. Elias Mwaura	Ex-officio: Left on 31st July 2021
13	Rev. Kenneth Isige	Joined as DFA (Ex-Officio) in 1st August 2021

The table below shows the number of Council of Elders' meetings held during the year and the total attendance for each meeting.

COUNCIL OF ELDERS MEETINGS FOR THE YEAR 2021		
S/No	DATE OF MEETING	ATTENDANCE
1	5 <sup>th</sup> March – Physical	10
2	16 <sup>th</sup> & 17 <sup>th</sup> April – Physical	10
3	28 <sup>th</sup> & 29 <sup>th</sup> May – Physical	9
4	15 <sup>th</sup> June – Virtual	10
5	19 <sup>th</sup> June – Virtual	10
6	27 <sup>th</sup> July - Physical	10
7	30 <sup>th</sup> July – Physical	10
8	14 <sup>th</sup> August – Virtual	9
9	19 <sup>th</sup> August – Virtual	10
10	17 <sup>th</sup> September – virtual	10
11	1 <sup>st</sup> October – Virtual	10
12	28 <sup>th</sup> & 29 <sup>th</sup> October – Physical (Retreat)	9
13	6 <sup>th</sup> November –Virtual	10

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Statement of Corporate Governance..../(Contd.)****Trustees**

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

The table below shows the current Board of Trustees.

NAME	COMMENT
Julius Kitheka	Trustee
Margaret Hutchinson	Trustee
David Tanki	Trustee
Bill Nyasio	Trustee
Nelson Kuria	Trustee

**Local Advisory Committee**

Every assembly has an advisory committee to support the management and coordination of the affairs of the assembly.

**Board of Management (BOM)**

Every school has a Board of Management which supports the management and coordination of the affairs of the schools.

**Compliance statement**

CITAM Ministry is guided by the Societies Act, Cap 108 (Laws of Kenya), 2012 and all other laws and regulations relevant to its operations.

**Internal controls**

It is the responsibility of the Deacon Board to ensure that a system of internal control that provides reasonable assurance of effective and efficient operations in the Ministry is maintained. The Ministry has internal control policies and procedures which the Deacon Board has reviewed and are satisfied that appropriate procedures are in place. The business of the Ministry is therefore conducted within this framework and is monitored by the Internal Audit Department and given oversight by the Board Audit Committee.





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Statement of Deacon Board Responsibilities

for the year ended 31<sup>st</sup> December 2021

The Deacon Board is required to prepare financial statements for each financial year that give a true and fair view of the financial position of the Ministry as at the end of the financial year and of its surplus or deficit for that year. It also requires the Board to ensure that the Ministry keeps proper accounting records that: (a) show and explain the transactions of the Ministry (b) disclose, with reasonable accuracy, the financial position of the Ministry; and (c) enable the Deacon Board to ensure that every financial statement required to be prepared complies with the requirements of the Societies Act, Cap 108, 2012 (Laws of Kenya).

The Deacon Board accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard and in the manner required by the Societies Act, Cap 108, 2012 (Laws of Kenya). The Board also accepts responsibility for:

- i) Designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free from material misstatements, whether due to fraud or error:
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assesment of the Ministry's ability to continue as a going concern, the Deacon Board is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Ministry's ability to continue as a going concern.

The Deacon Board acknowledges that the independent audit of the financial statements does not relieve the Board of its responsibilities.

Approved by the Deacon Board on **March 19, 2022** and signed on its behalf by:-

Chairman

Treasurer





**KKCO East Africa LLP**  
Certified Public Accountants

**Report of the Independent Auditors**

**to the members of Christ Is The Answer Ministries**

**on the financial statements for the year ended 31st December 2021**

**Opinion**

We have audited the financial statements of **Christ Is The Answer Ministries (CITAM)** set out on pages 18 to 40, which comprise the statement of financial position as at December 31, 2021, the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Christ Is The Answer Ministries as at December 31, 2021, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the Ministry in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Other information**

The Deacon Board is responsible for the other information. The other information comprises the report of the Deacon Board, report of the Treasurer, Statement of Corporate Governance and Statement of Deacon Board responsibilities, which we obtained prior to the date of this report and the rest of the other information in the Annual Report which are expected to be made available after that date. Other information does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of the Deacon Board for the financial statements**

The Deacon Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and for such internal control as the Deacon Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Member Firm of



A worldwide association of independent accounting firms  
and business advisers ([www.dfk.com](http://www.dfk.com)).





### **Report of the Independent Auditors**

#### **to the members of Christ Is The Answer Ministries**

In preparing the financial statements, the Deacon Board is responsible for assessing the Ministry's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Deacon Board either intend to liquidate the Ministry or to cease operations, or have no realistic alternative but to do so.

#### **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board.
- Conclude on the appropriateness of the Deacon Board use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Ministry to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Deacon Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Nimrod Kurgat, Practising Certificate Number 1905 and Member Number 6969.**

**Nairobi, Kenya**

**March 22, 2022**

**For and on behalf of  
KKCO East Africa LLP  
Certified Public Accountants of Kenya**





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Comprehensive Incomefor the year ended 31st December 2021

		<u>2021</u>	<u>2020</u>
	Note	Kshs	Kshs
<b>ASSEMBLIES INCOME</b>			
Tithes and offerings		1,571,236,167	1,448,823,364
Fundraising and donations		12,144,908	16,371,547
Ministries and departments		9,920,778	11,297,722
Rental income		6,227,125	6,410,639
Interest income		26,489,500	10,541,371
Other income		32,600	598,931
Total assemblies income	4	1,626,051,078	1,494,043,574
<b>ASSEMBLIES EXPENSES</b>			
Staff costs		366,073,495	347,169,277
Administration costs		394,728,940	307,404,041
Ministries costs		534,846,817	412,976,774
Total assemblies expenditure	4	1,295,649,252	1,067,550,092
<b>SURPLUS BEFORE PROJECTS AND CAPITAL EXPENDITURE</b>		<b>330,401,826</b>	<b>426,493,482</b>
Projects net income	5	322,532,533	12,877,258
Special outreach activities net expenses	6	31,357,275	45,059,410
Together We Can do More-net income (TWM)	8	78,217	339,053
		353,968,025	58,275,721
<b>SURPLUS BEFORE CAPITAL EXPENDITURE</b>		<b>684,369,851</b>	<b>484,769,203</b>
Capital expenditure	9	(488,637,004)	(194,812,992)
<b>SURPLUS FOR THE YEAR</b>		<b>195,732,847</b>	<b>289,956,211</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Financial Positionas at 31<sup>st</sup> December 2021

ASSETS	Note	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>Non-current Assets</b>			
Property and equipment	10	6,237,354,229	5,889,957,386
Right of use assets	11	49,158,996	49,420,149
Biological assets	12	420,000	477,000
Investment property	13	324,000,000	-
Work in progress	14	46,504,724	68,827,557
Prepaid operating lease rentals	15	5,372,712,382	5,502,335,824
Intangible assets	16	9,410,458	8,930,606
Long term investments	17	6,059,855	6,059,855
Due from related parties	18	486,660,572	473,501,720
		<u>12,532,281,216</u>	<u>11,999,510,097</u>
<b>Current Assets</b>			
Inventories	19	31,592,046	25,323,577
Trade and other receivables	20	91,655,049	112,643,789
Short term fixed deposits	21 (a)	576,441,241	313,870,315
Cash and bank balances	21 (b)	127,721,780	160,096,368
		<u>827,410,116</u>	<u>611,934,049</u>
<b>TOTAL ASSETS</b>		<u><b>13,359,691,332</b></u>	<u><b>12,611,444,146</b></u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
Capital fund		11,990,401,793	11,470,528,373
General fund		188,017,806	384,721,944
Reserve fund		221,105,710	147,111,629
Designated fund	22	521,002,180	136,225,100
		<u>12,920,527,489</u>	<u>12,138,587,046</u>
<b>Non-current liabilities</b>			
Borrowings	23	115,943,348	189,931,903
Lease liabilities	25	31,025,226	32,006,149
		<u>146,968,574</u>	<u>221,938,052</u>
<b>Current liabilities</b>			
Trade and other payables	24	187,868,571	125,738,089
Borrowings	26	78,078,003	100,236,738
Lease liabilities	25	26,248,695	24,944,221
		<u>292,195,269</u>	<u>250,919,048</u>
<b>TOTAL FUNDS AND LIABILITIES</b>		<u><b>13,359,691,332</b></u>	<u><b>12,611,444,146</b></u>

The financial statements on pages 18 to 40 were approved by the Deacon Board on **March 19, 2022** and signed on its behalf by:-



Chairman



Treasurer



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Statement of Changes in Funds

as at 31st December 2021

	Capital Fund Kshs	General Fund Kshs	Reserve Fund Kshs	Designated Fund (Note 21) Kshs	Total Kshs
At 1 January 2020	11,511,817,633	143,242,653	92,246,630	117,264,403	11,864,571,319
Fixed assets additions	241,280,205	-	-	-	241,280,205
Biological assets	33,000	-	-	-	33,000
Depreciation	(154,766,130)	-	-	-	(154,766,130)
Amortization - Leasehold property	(126,501,567)	-	-	-	(126,501,567)
Amortization - Intangible assets	(1,334,768)	-	-	-	(1,334,768)
Receipts during the year	-	-	6,388,079	62,970,658	69,358,737
Payments during the year	-	-	-	(188,892,297)	(188,892,297)
10% tithe allocation	-	-	-	144,882,336	144,882,336
Transfers to reserve fund	-	(48,476,920)	48,476,920	-	-
Surplus for the year	-	289,956,211	-	-	289,956,211
<b>AT 31 DECEMBER 2020</b>	<b>11,470,528,373</b>	<b>384,721,944</b>	<b>147,111,629</b>	<b>136,225,100</b>	<b>12,138,587,046</b>
At 1 January 2021	11,470,528,373	384,721,944	147,111,629	136,225,100	12,138,587,046
Fixed assets additions	836,332,049	-	-	-	836,332,049
Biological assets (Note 12)	(57,000)	-	-	-	(57,000)
Transfer to designated fund (Note 22)	-	(324,000,000)	-	324,000,000	-
Depreciation (Note 10)	(184,057,466)	-	-	-	(184,057,466)
Amortization - Leasehold property (Note 15)	(131,555,335)	-	-	-	(131,555,335)
Amortization - Intangible assets (Note 16)	(788,828)	-	-	-	(788,828)
Receipts during the year	-	-	5,557,096	75,373,064	80,930,160
Payments during the year	-	-	-	(171,719,602)	(171,719,602)
10% tithe allocation (Note 22)	-	-	-	157,123,618	157,123,618
Transfers to reserve fund	-	(68,436,985)	68,436,985	-	-
Surplus for the year	-	195,732,847	-	-	195,732,847
<b>AT 31 DECEMBER 2021</b>	<b>11,990,401,793</b>	<b>188,017,806</b>	<b>221,105,710</b>	<b>521,002,180</b>	<b>12,920,527,489</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Cash Flowsfor the year ended 31<sup>st</sup> December 2021

	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>CASH FLOWS FROM OPERATIONS</b>		
Surplus for the year	195,732,847	289,956,211
<b>Adjustments for:</b>		
Capital expenditure	488,637,004	194,812,992
Depreciation of right of use asset	24,613,503	22,232,881
Change in fair value of biological assets	(20,000)	(68,000)
Interest income	(26,489,500)	(10,541,371)
Interest expense	20,944,729	25,918,960
<b>Changes in operating assets and liabilities</b>		
(Increase)/Decrease in inventories	(6,268,469)	5,752,757
(Increase)/Decrease in trade and other receivables	20,988,740	390,236
Increase/(Decrease) in trade and other payables	62,130,482	(48,882,688)
<b>Cash flows from operating activities</b>	<b>780,269,336</b>	<b>479,571,978</b>
Interest received	26,489,500	10,541,371
<b>Net cash generated from operating activities</b>	<b>806,758,836</b>	<b>490,113,349</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(449,543,601)	(135,322,733)
Additions to work in progress	(35,872,830)	(54,292,309)
Additions to operating lease	(1,931,893)	(2,970,489)
Purchase of intangible assets	(1,268,680)	(2,159,461)
Additions to investment property	(324,000,000)	-
Purchase of treasury bonds	-	(5,959,855)
Increase in due from related parties	(13,158,852)	(8,868,073)
<b>Cash flows used in investing activities</b>	<b>(825,775,856)</b>	<b>(209,572,920)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Net repayment in borrowings	(96,147,290)	(69,231,636)
Increase in reserve fund	5,557,096	6,388,079
Payments of principal portion of the lease liability	(24,028,799)	(20,198,777)
Interest paid	(20,944,729)	(25,918,960)
Movement in designated funds	384,777,080	18,960,697
<b>Cash flows used in financing activities</b>	<b>249,213,358</b>	<b>(90,000,597)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>230,196,338</b>	<b>190,539,832</b>
Cash and cash equivalents at the beginning of the year	473,966,683	283,426,851
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 21(b))</b>	<b>704,163,021</b>	<b>473,966,683</b>

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2021****1.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

**1.1 Basis of preparation**

The financial statements are prepared in compliance with International Financial Reporting Standards under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Kshs).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Ministry. Although such estimates and assumptions are based on the Deacons' board best knowledge of the information available, actual results may differ from those estimates.

**1.2 New and revised financial reporting standards****i) New and revised standards**

The following new and revised standards and amendments to standards became effective for the first time in the financial year beginning 1st January 2020. The Ministry has not adopted any of the new and effective standards and amendments as these were assessed to have no impact on the financial statements.

- **Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018) -** The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.
- **The Conceptual Framework for Financial Reporting:** The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
- **Covid-19-Related Rent Concessions – Amendment to IFRS 16:** In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.
- **Interest Rate Benchmark Reform - (Amendments to IFRS 9, IAS 39 and IFRS 7):** contractual cash flow characteristics.





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31<sup>st</sup> December 2021

#### ii) New and revised standards that have been issued but are not yet effective

The Ministry has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2021, and the Deacon Board does not plan to apply any of them until they become effective.

#### 1.3 Revenue recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the ministry and the revenue can be reliably measured. Income earned by the Ministry is recognized on the following basis:

Tithes, offerings and gifts from members are recognized when received.

School fees income represents amount invoiced to the students during the year. Hope FM sales comprise the invoiced value net of Value Added Tax (VAT) where necessary.

Other income earned is recognized as it accrues.

#### 1.4 Short-term investments

Short term investments are recognized at the transaction price and subsequently measured at fair value, with changes in fair value being recognised in the statement of comprehensive income. Fair value is determined using the quoted bid price at the reporting date.

#### 1.5 Trade and other receivables

Receivables are recognized at original invoice amount less an allowance for any uncollectible amounts. Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

#### 1.6 Inventories

Inventories are valued at the lower of cost and net realizable value.

#### 1.7 Financial liabilities

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

#### 1.8 Trade and other payables

Trade and other payables are stated at their nominal value.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2021.... / (Contd)****1.9 Translation of foreign currencies**

Transactions in foreign currencies during the year are converted into the functional currency, Kenya Shillings(functional currency) at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet dates which are expressed in foreign currencies are translated into Kenya Shillings at exchange rates ruling at that date. The resulting differences from conversion and translation are dealt within the statement of comprehensive income in the year in which they arise.

**1.10 Provisions**

A provision is recognized in the statement of financial position when the Ministry has a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefit will be required to settle the obligation and it can be reliably estimated.

**1.11 Property and equipment**

Property and equipment purchased from general fund are fully expensed in the statement of comprehensive income in the year of purchase. Those purchased from designated funds are debited to the relevant funds. For purposes of control, they are held in property and equipment and capital fund accounts, so that any change in the assets can be traced. Depreciation of the assets is reflected in both the property and equipment and capital funds accounts. The effect of this is to reduce the value of the fixed assets and capital fund as a result of diminution due to use.

Depreciation is calculated on a straight line basis at annual rates to write down the cost of each asset to its residual value over its estimated useful life on the following basis:

Freehold Land	Nil
Buildings	Nil
Boreholes	Nil
Motor vehicles	25%
Computers & IT Equipment	30%
Equipment	15%
Furniture & Fittings	15%
Tents	15%

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the statement of comprehensive income.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> December 2021.... / (Contd)****1.12 Intangible assets**

Computer software license costs and computer software are initially recognised at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by CITAM are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life at an annual rate of 30%.

**1.13 Prepaid operating lease rentals**

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortized over the period of the lease.

**1.14 Borrowing costs**

Borrowing costs are recognised in the statement of comprehensive income in the period which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset.

**1.15 Cash and cash equivalents**

Cash and Cash equivalents comprise cash at bank, cash in hand, cash held in paybills and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above.

**1.16 Post employment benefit obligation**

The Ministry operates a defined contribution pension scheme for its staff. The assets of the pension scheme are administered by Britam American Insurance Company Ltd. The scheme is funded by contributions from both the employees and the Ministry. The Ministry's contributions to the scheme are charged to the statement of comprehensive income in the year to which they relate.

The Ministry and its employees also contribute to a statutory defined scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and the Ministry's contributions are charged to the statement of comprehensive income in the year in which they relates.

**1.17 Interest bearing loans and borrowings**

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowings.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2021.... / (Contd)****1.18 Contingent liabilities**

Contingent liabilities arise if there is possible obligation; or present obligation that may, but probably will not, require an outflow of economic resources; or there is a present obligation, but there is no reliable method of estimating the monetary value of the obligation.

**1.19 Long term investments**

Investments in treasury bonds are recorded at market value.

**1.20 Related party balances**

Related party transactions with the Ministry's related entities primarily comprise of loans and expenses paid on behalf. These are recorded at cost.

**1.21 Capital fund**

A capital fund is created to represent the funds invested in property and equipment. Items of property and equipment purchased are credited in the capital fund while the corresponding debit is taken to the general fund. Depreciation and amortisation are debited to the capital fund and credited to the accumulated depreciation of the respective asset.

**1.22 General fund**

This represents amounts which are expendable at the discretion of CITAM in furtherance of its objectives. Such funds may be held in order to finance working capital or capital investment.

**1.23 Reserve fund**

10% of the surplus before capital expenditure is transferred from the general fund to the reserve fund.

**1.24 Designated fund**

Funds held for specially defined purposes are classified as designated funds.

**1.25 Mission fund**

The 10% tithe allocation is used for mission fund including CITAM Namibia.

**1.26 Taxation**

No tax provisions are made in these financial statements. The Ministry is exempt from income tax for a period of 5 years from 1st November 2019. The tax exemption certificate number is KRAEXM0080030222 .





## CHRIST IS THE ANSWER MINISTRIES (CITAM)

### Notes to the Financial Statements

#### for the year ended 31st December 2021.... / (Contd)

#### **1.27 Foreign exchange gain/loss**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

#### **1.28 Biological assets**

Biological assets are measured at fair value less estimated point of sale costs.

Any changes to the fair value are recognised in the profit or loss in the year which they arise.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All costs incurred relating to biological assets are recognised in profit or loss in the year in which they are incurred.

#### **1.29 Long term leases**

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Ministry recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Ministry is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Ministry's incremental borrowing rate is used.

For leases that contain non-lease components, the Ministry allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

#### **1.30 Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.



**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2021.... / (Contd)****2.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

**i) Critical accounting estimates and assumptions****Property and equipment**

Critical estimates are made by the Deacon Board in determining depreciation rates for property and equipment. The rates used are as set out in Note 1.11 on page 24.

**ii) Critical judgements in applying the entity's accounting policies**

In the process of applying the Ministry's accounting policies, management has made judgements in determining:-

- a) Provisions and contingencies
- b) The classification of financial assets and leases.
- c) Whether assets are impaired.

**3.0 FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES**

The Ministry's activities expose it to a variety of financial risks. These include market risk, credit risk, liquidity risk and the effects of changes in foreign currency rates. The Ministry's overall risk management programme focuses on the unpredictability of changes in operating environment and seeks to minimise potential adverse effects of such risks on its financial performance by setting acceptable levels of risks, but the Ministry does not hedge any risk.

**a) Market risk**

Market risk is the risk that changes in market prices, such as interest rate, equity prices, and foreign exchange rates will affect the Ministry's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

**i) Foreign exchange risk**

The Ministry is not exposed to any significant foreign exchange risk.

**ii) Price risk**

The Ministry does not hold investments that would be subject to price risk.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31st December 2021.... / (Contd)**b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks, as well as trade and other receivables. The Ministry does not have any significant concentrations of credit risk. The Ministry assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Ministry's maximum exposure to credit risk at 31st December 2021 is made up as follows:-

	<u>2021</u> Kshs	<u>2020</u> Kshs
Cash and cash equivalents	704,163,021	473,966,683
Trade and other receivables	91,655,049	112,643,789
	<u>795,818,070</u>	<u>586,610,472</u>

**c) Liquidity risk**

The responsibility for liquidity risk management rests with the Deacon Board, who have built an appropriate liquidity risk management framework for the management of the Ministry's short, medium and long term funding and liquidity management requirements. The Ministry manages liquidity risk by maintaining enough required funds for its operation through continuous monitoring of forecast and actual cash flows.

The table below provides a contractual analysis of the Ministry's financial liabilities :-

	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>Finance liabilities</b>		
Borrowings	194,021,351	290,168,641
Trade and other payables	187,868,571	125,738,089
Lease liabilities	57,273,921	56,950,370
Total financial liabilities	<u>439,163,843</u>	<u>472,857,100</u>

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31st December 2021.... / (Contd)****d) Exchange risk**

The Ministry holds some of its bank balances in foreign currency. The fluctuations in currency exchange rates result in changes in the value of the monetary assets denominated in foreign currency hence exposing the Ministry to the risk of incurring exchange loss. The monetary assets held in foreign currency are closely monitored to ensure that they are not materially affected by adverse foreign currency fluctuations. There are no other foreign currencies denominated financial assets or liabilities.

**e) Operational risk**

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the Ministry's processes, personnel, technology, infrastructure and external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and if generally acceptable standard.

The Ministry's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Ministry's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the Ministry.

The primary responsibility of the development and implementation of controls to address operational risk is assigned to the Deacon Board.

This responsibility is supported by the development of overall Ministry's standards for the management of operational risks in the following areas:-

- Requirements for appropriate segregation of duties including the independent authorization and approval of transactions.
- Requirements for the reconciliation and monitoring transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of control and procedures.
- Requirements for the periodic assessment of operational risks faced by the institution, and adequacy of controls and procedures to address the risks identified.
- Development of contingency plans.
- Training and professional development of its personnel and
- Adherence to ethical and business standard.

Review of compliance with Ministry's standards is done on an ongoing basis.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2021.../(Contd)

4.0 ASSEMBLIES INCOME AND EXPENDITURE	2021			2020		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
CITAM Valley Road	335,275,008	93,965,946	241,309,062	326,027,500	81,848,692	244,178,808
CITAM Woodley	157,889,620	49,435,388	108,454,232	171,065,960	39,970,728	131,095,232
CITAM Karen	124,784,784	47,499,267	77,285,517	125,753,566	38,836,972	86,916,594
CITAM Buruburu	101,305,065	47,025,784	54,279,281	97,123,256	36,692,007	60,431,249
CITAM Thika Road	96,922,803	44,857,329	52,065,474	82,643,073	32,641,180	50,001,893
CITAM Ngong	67,465,737	37,281,246	30,184,491	65,995,589	32,870,427	33,125,162
CITAM Thika Town	47,771,027	22,627,290	25,143,737	35,635,025	18,653,515	16,981,510
CITAM Parklands	54,856,325	31,048,357	23,807,968	54,226,094	26,788,552	27,437,542
CITAM Athi River	48,154,104	26,543,390	21,610,714	41,928,625	22,226,344	19,702,281
CITAM Kitengela	35,784,850	16,401,445	19,383,405	26,580,999	10,549,633	16,031,366
CITAM Kiambu road	33,078,711	18,149,042	14,929,669	9,615,861	13,227,198	(3,611,337)
CITAM Nakuru	33,984,687	22,790,387	11,194,300	28,294,278	17,596,390	10,697,888
CITAM Kikuyu	31,776,450	22,247,182	9,529,268	21,838,142	14,669,405	7,168,737
CITAM Rongai	30,737,905	21,414,832	9,323,073	27,329,992	17,554,746	9,775,246
CITAM Embakasi	43,871,019	35,777,552	8,093,467	38,883,542	31,169,009	7,714,533
CITAM Clay City	27,210,477	19,964,180	7,246,297	20,697,891	16,197,854	4,500,037
CITAM Kisumu	30,531,523	27,249,505	3,282,018	30,702,859	23,401,499	7,301,360
CITAM Eldoret	22,122,197	19,398,124	2,724,073	21,233,688	16,204,599	5,029,089
CITAM Kangundo road	15,596,756	16,588,500	(991,744)	9,076,419	11,189,599	(2,113,180)
CITAM Naivasha	6,909,361	9,699,629	(2,790,268)	5,750,331	7,039,617	(1,289,286)
CITAM USA	18,453,589	23,723,812	(5,270,223)	9,234,711	19,629,808	(10,395,097)
CITAM Kapsabet	3,777,404	9,131,251	(5,353,847)	3,115,406	7,527,822	(4,412,416)
Regional Secretariat	-	5,977,847	(5,977,847)	-	7,077,649	(7,077,649)
CITAM Mombasa	22,151,224	28,980,883	(6,829,659)	13,242,225	13,021,949	220,276
CITAM Nyeri	11,185,231	18,400,476	(7,215,245)	9,997,090	14,965,877	(4,968,787)
CITAM Kisii	8,121,756	16,294,613	(8,172,857)	5,423,981	8,080,699	(2,656,718)
CITAM Romania	3,684,527	13,576,862	(9,892,335)	2,804,778	11,246,440	(8,441,662)
CITAM Meru	8,283,175	19,451,264	(11,168,089)	6,664,919	18,171,448	(11,506,529)
Head Office & CED	204,365,763	530,147,869	(325,782,106)	203,157,774	458,500,434	(255,342,660)
	<b>1,626,051,078</b>	<b>1,295,649,252</b>	<b>330,401,826</b>	<b>1,494,043,574</b>	<b>1,067,550,092</b>	<b>426,493,482</b>

5.0 PROJECTS INCOME AND EXPENDITURE	2021			2020		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
CITAM Schools Woodley	169,537,728	83,346,134	86,191,594	78,389,238	64,712,086	13,677,152
Hope Recording Studio	44,892,492	1,027,213	43,865,279	30,908,411	1,313,364	29,595,047
CITAM Schools Ngong	65,314,557	32,161,394	33,153,163	20,864,778	20,603,662	261,116
Woodley Catering	33,917,552	10,845,299	23,072,253	9,739,736	7,001,300	2,738,436
CITAM Schools Buruburu Primary	63,474,411	41,816,298	21,658,113	28,888,374	30,753,645	(1,865,271)
Buruburu Catering	22,726,138	7,889,955	14,836,183	6,709,561	5,257,464	1,452,097
CITAM Schools Athi River	39,316,808	23,264,825	16,051,983	7,492,900	9,802,693	(2,309,793)
Ngong Catering	17,403,374	5,337,784	12,065,590	4,138,756	2,812,271	1,326,485
Valley Road Catering	21,566,938	9,617,660	11,949,278	10,172,615	7,510,875	2,661,740
Kisumu Catering	11,429,725	4,267,885	7,161,840	2,176,269	2,784,302	(608,033)
CITAM Outfitters	9,479,658	2,967,682	6,511,976	(335,889)	1,568,408	(1,904,297)
CITAM Schools Buruburu Transport	25,893,520	19,412,358	6,481,162	6,274,825	10,619,648	(4,344,823)
CITAM Kadolta Resort	22,310,507	16,393,102	5,917,405	6,616,770	14,682,815	(8,066,045)
CITAM Schools Woodley Transport	16,233,363	10,757,670	5,475,693	4,311,021	5,372,431	(1,061,410)
Nakuru Catering	7,586,243	2,685,451	4,900,792	878,346	1,220,064	(341,718)
Creative Department	8,159,532	3,566,043	4,593,489	2,011,953	3,473,914	(1,461,961)
Eldoret Catering	5,699,640	1,666,540	4,033,100	-	-	-
Kiserian Carpentry	4,261,673	41,674	4,219,999	2,686,911	5,061	2,681,850
CITAM Schools Ngong Transport	13,171,959	9,278,751	3,893,208	3,367,005	3,431,165	(64,160)
CITAM Schools Buruburu Transport	9,506,581	7,380,120	2,126,461	3,003,272	4,311,782	(1,308,510)
CITAM Schools Kisumu Transport	6,473,222	4,857,654	1,615,568	1,468,000	3,432,867	(1,964,867)
CITAM Schools Kisumu	36,834,485	35,349,054	1,485,431	14,305,858	21,174,683	(6,868,825)
Parklands Catering	6,938,892	5,515,974	1,422,918	2,490,635	4,657,923	(2,167,288)
CITAM Business Park	102,000	-	102,000	-	-	-
CITAM Schools Eldoret	21,605,694	21,857,639	(251,945)	5,692,918	12,872,582	(7,179,664)
	<b>683,836,692</b>	<b>361,304,159</b>	<b>322,532,533</b>	<b>252,252,263</b>	<b>239,375,005</b>	<b>12,877,258</b>

## 5.1 Breakdown of the projects expenses

Staff costs	216,002,358	177,360,908
Administrative costs	145,301,801	62,014,097
	<b>361,304,159</b>	<b>239,375,005</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2021.../(Contd)

## 6.0 SPECIAL OUTREACH INCOME AND EXPENDITURE

	Income Kshs	Expenditure Kshs	2021 (Deficit) Kshs	Income Kshs	Expenditure Kshs	2020 (Deficit) Kshs
Hope FM	84,750,562	95,850,851	(11,100,289)	74,275,065	84,283,344	(10,008,279)
Hope TV	103,273,414	28,662,813	74,610,601	113,437,459	31,256,671	82,180,788
CITAM Children Centre Kiserian	305,375	26,267,353	(25,961,978)	655,011	18,204,478	(17,549,467)
Children Centre Kiserian School	4,853,766	11,044,825	(6,191,059)	741,924	10,305,556	(9,563,632)
Heavens Gate & Hells Flames	4,880,276	4,880,276	-	9,502,919	9,502,919	-
ERDO Project	12,900,294	12,900,294	-	9,139,616	9,139,616	-
Compassion International Kenya	9,477,961	9,477,961	-	5,600,926	5,600,926	-
	<u>220,441,648</u>	<u>189,084,373</u>	<u>31,357,275</u>	<u>213,352,920</u>	<u>168,293,510</u>	<u>45,059,410</u>

## 6.1 Breakdown of the outreach expenses

Staff costs	91,722,714	82,835,289
Administrative costs	97,339,109	79,857,295
Ministry expenses	22,550	-
	<u>189,084,373</u>	<u>162,692,584</u>

## 7.0 REGIONAL INCOME STATEMENTS

## (a) NORTHERN REGION

	Income Kshs	Expenditure Kshs	2021 Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	2020 Surplus/ (Deficit) Kshs
CITAM Head Office	110,253,781	186,690,375	(76,436,594)	114,223,295	168,188,442	(53,965,147)
Regional Office	-	1,558,561	(1,558,561)	-	1,866,646	(1,866,646)
CITAM Valley Road	335,275,008	93,965,946	241,309,062	326,027,500	81,848,692	244,178,808
CITAM Woodley	157,889,620	49,435,388	108,454,232	171,065,960	39,970,728	131,095,232
CITAM Thika Road	96,922,803	44,857,329	52,065,474	82,643,073	32,641,180	50,001,893
CITAM Clay City	27,210,477	19,964,180	7,246,297	20,697,891	16,197,854	4,500,037
CITAM Thika Town	47,771,027	22,627,290	25,143,737	35,635,025	18,653,515	16,981,510
CITAM Parklands	54,856,325	31,048,357	23,807,968	54,226,094	26,788,552	27,437,542
CITAM Meru	8,283,175	19,451,264	(11,168,089)	6,664,919	18,171,448	(11,506,529)
CITAM Nyeri	11,185,231	18,400,476	(7,215,245)	9,997,090	14,965,877	(4,968,787)
CITAM Kikuyu	31,776,450	22,247,182	9,529,268	21,838,142	14,669,405	7,168,737
CITAM Kiambu Road	33,078,711	18,149,042	14,929,669	9,615,861	13,227,198	(3,611,337)
	<u>914,502,608</u>	<u>528,395,390</u>	<u>386,107,218</u>	<u>852,634,850</u>	<u>447,189,537</u>	<u>405,445,313</u>

## (b) SOUTHERN REGION

	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
CITAM Head Office	67,138,044	152,187,412	(85,049,368)	68,988,080	129,710,981	(60,722,901)
Regional Office	-	1,485,438	(1,485,438)	-	1,792,794	(1,792,794)
CITAM Ngong	67,465,737	37,281,246	30,184,491	65,995,589	32,870,427	33,125,162
CITAM Athi River	48,154,104	26,543,390	21,610,714	41,928,625	22,226,344	19,702,281
CITAM Buru Buru	101,305,065	47,025,784	54,279,281	97,123,256	36,692,007	60,431,249
CITAM Rongai	30,737,905	21,414,832	9,323,073	27,329,992	17,554,746	9,775,246
CITAM Karen	124,784,784	47,499,267	77,285,517	125,753,566	38,836,972	86,916,594
CITAM Embakasi	43,871,019	35,777,552	8,093,467	38,883,542	31,169,009	7,714,533
CITAM Kangundo Road	15,596,756	16,588,500	(991,744)	9,076,419	11,189,599	(2,113,180)
CITAM Kitengela	35,784,850	16,401,445	19,383,405	26,580,999	10,549,633	16,031,366
CITAM Mombasa	22,151,224	28,980,883	(6,829,659)	13,242,225	13,021,949	220,276
	<u>556,989,488</u>	<u>431,185,749</u>	<u>125,803,739</u>	<u>514,902,293</u>	<u>345,614,461</u>	<u>169,287,832</u>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2021.../(Contd)

	2021			2020		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
<b>c) WESTERN REGION</b>						
CITAM Head Office	14,419,303	57,227,095	(42,807,792)	14,623,553	48,357,570	(33,734,017)
Regional Office	-	2,933,848	(2,933,848)	-	3,418,209	(3,418,209)
CITAM Kisumu	30,531,523	27,249,505	3,282,018	30,702,859	23,401,499	7,301,360
CITAM Eldoret	22,122,197	19,398,124	2,724,073	21,233,688	16,204,599	5,029,089
CITAM Kapsabet	3,777,404	9,131,251	(5,353,847)	3,115,406	7,527,822	(4,412,416)
CITAM Nakuru	33,984,687	22,790,387	11,194,300	28,294,278	17,596,390	10,697,888
CITAM Kisii	8,121,756	16,294,613	(8,172,857)	5,423,981	8,080,699	(2,656,718)
CITAM Naivasha	6,909,361	9,699,629	(2,790,268)	5,750,331	7,039,617	(1,289,286)
	<b>119,866,231</b>	<b>164,724,452</b>	<b>(44,858,221)</b>	<b>109,144,096</b>	<b>131,626,405</b>	<b>(22,482,309)</b>
<b>(d) INTERNATIONAL ASSEMBLIES</b>						
CITAM Head Office	3,038,647	20,466,389	(17,427,742)	1,862,665	18,698,666	(16,836,001)
CITAM USA	18,453,589	23,723,812	(5,270,223)	9,234,711	19,629,808	(10,395,097)
CITAM Romania	3,684,527	13,576,862	(9,892,335)	2,804,778	11,246,440	(8,441,662)
	<b>25,176,763</b>	<b>57,767,063</b>	<b>(32,590,300)</b>	<b>13,902,154</b>	<b>49,574,914</b>	<b>(35,672,760)</b>
<b>8.0 TOGETHER WE CAN DO MORE (TWM)</b>				<b>2021</b>	<b>2020</b>	
Income				Kshs	Kshs	
Expenditure				78,217	351,682	
<b>NET INCOME</b>				-	(12,629)	
				<b>78,217</b>	<b>339,053</b>	
<b>9.0 CAPITAL EXPENDITURE</b>				<b>2021</b>	<b>2020</b>	
Furniture and equipment				Kshs	Kshs	
Construction work in progress				102,516,832	57,266,093	
Land and buildings				35,872,830	54,292,309	
Tents				149,266,517	51,731,436	
Computers				37,746,218	39,407,700	
Freehold land				30,714,877	15,125,177	
Motor vehicles				113,500,000	8,695,040	
Prepaid operating lease rentals				37,420,601	8,571,500	
Computer software/LAN				1,931,893	2,970,489	
Boreholes				1,268,680	2,159,461	
Biological assets				2,093,601	1,061,000	
Investment property				20,000	68,000	
				324,000,000	-	
				836,352,049	241,348,205	
Less capital expenditure funded by designated fund				(1,743,710)	-	
Less capital expenditure funded by CITAM missions fund				(18,538,326)	(11,707,196)	
Less capital expenditure funded by Local Assembly Development Fund (LADF)				(3,433,009)	-	
Less capital expenditure funded by Pentecostal Assemblies of Canada (PAOC) mission fund				(324,000,000)	-	
Less capital expenditure funded by church plant fund				-	(34,828,017)	
				<b>488,637,004</b>	<b>194,812,992</b>	



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31<sup>st</sup> December 2021..../(Contd)

10.0 PROPERTY AND EQUIPMENT										
	Freehold Land	Buildings	Boreholes	Motor Vehicles	Furniture & Fittings	Equipment	Computers	Tents	Total	
COST OR VALUATION	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	
At 1 January 2020	2,086,924,750	3,234,861,124	14,654,321	238,906,884	230,462,092	723,804,808	73,479,456	122,150,533	6,725,243,968	
Additions	8,695,040	51,731,436	1,061,000	8,571,500	5,185,404	52,080,689	15,125,177	39,407,700	181,857,946	
Transfers from WIP	-	24,772,935	-	-	-	-	-	16,188,578	40,961,513	
Disposals	-	-	-	(12,389,302)	-	-	-	-	(12,389,302)	
	2,095,619,790	3,311,365,495	15,715,321	235,089,082	235,647,496	775,885,497	88,604,633	177,746,811	6,935,674,125	
DEPRECIATION										
At 1 January 2020	-	-	-	175,943,380	144,381,793	469,688,789	52,348,551	60,977,398	903,339,911	
Disposals	-	-	-	(12,389,302)	-	-	-	-	(12,389,302)	
Charge for the year	-	-	-	31,726,137	19,410,290	68,078,393	13,033,870	22,517,440	154,766,130	
	-	-	-	195,280,215	163,792,083	537,767,182	65,382,421	83,494,838	1,045,716,739	
NET BOOK VALUE	2,095,619,790	3,311,365,495	15,715,321	39,808,867	71,855,413	238,118,315	23,222,212	94,251,973	5,889,957,386	
At 31 DECEMBER 2020										
COST OR VALUATION										
At 1 January 2021	2,095,619,790	3,311,365,495	15,715,321	235,089,082	235,647,496	775,885,497	88,604,633	177,746,811	6,935,674,125	
Additions	113,500,000	149,266,517	2,093,601	37,420,601	27,998,371	74,518,461	30,714,877	37,746,218	473,258,646	
Transfers from work in progress	-	38,648,776	-	-	-	-	-	19,546,887	58,195,663	
	2,209,119,790	3,499,280,788	17,808,922	272,509,683	263,645,867	850,403,958	119,319,510	235,039,916	7,467,128,434	
DEPRECIATION										
At 1 January 2021	-	-	-	195,280,215	163,792,083	537,767,182	65,382,421	83,494,838	1,045,716,739	
Charge for the year	-	-	-	34,992,713	24,423,626	74,702,560	19,038,658	30,899,909	184,057,466	
	-	-	-	230,272,928	188,215,709	612,469,742	84,421,079	114,394,747	1,229,774,205	
NET BOOK VALUE	2,209,119,790	3,499,280,788	17,808,922	42,236,755	75,430,158	237,934,216	34,898,431	120,645,169	6,237,354,229	
At 31 DECEMBER 2021										

Land and buildings were revalued in FY2017 on an open market value basis by Capital Valuers Ltd, an independent professional firm of registered valuers.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2021.... / (Contd)**11.0 RIGHT OF USE ASSETS**

	<u>2021</u> Kshs	<u>2020</u> Kshs
At 1 January	88,831,698	88,831,698
Additions	24,352,350	-
	<u>113,184,048</u>	<u>88,831,698</u>
<b>AMORTIZATION</b>		
At 1 January	39,411,549	17,178,668
Charge for the year	24,613,503	22,232,881
	<u>64,025,052</u>	<u>39,411,549</u>
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<u><b>49,158,996</b></u>	<u><b>49,420,149</b></u>

The right-of-use assets relate to leased premises by the Ministry where the lease is beyond 2 years in accordance with the requirements of IFRS 16 - Leases.

	<u>Cattle</u> Kshs	<u>Sheep, Goats &amp; Rabbits</u> Kshs	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>12.0 BIOLOGICAL ASSETS</b>				
Carrying amount at 1 January	445,000	32,000	477,000	444,000
Increase due to growth and new births	20,000	-	20,000	68,000
Decrease due to deaths and sales during the year	(74,000)	(3,000)	(77,000)	(35,000)
<b>Carrying amount at 31st December</b>	<u><b>391,000</b></u>	<u><b>29,000</b></u>	<u><b>420,000</b></u>	<u><b>477,000</b></u>

Biological assets comprise of cattle, goats, sheep and rabbits.

The Ministry had a total of 12 cows (2020 - 13), 3 sheep (2020 - 3), 4 goats (2020 - 4) and 2 rabbits (2020 - 8) during the year. Fair value of the biological assets was determined by using market values of comparable livestock in the market.

**13.0 INVESTMENT PROPERTY**

	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>COST</b>		
Additions during the year	324,000,000	-
	<u><b>324,000,000</b></u>	<u><b>-</b></u>

The investment property relates to CITAM Business Park located in Hurlingham, Nairobi LR No. 209/386/7 and LR No. 209/386/8.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2021.... / (Contd)

	Balance at <u>01.01.2021</u>	Additions	Transfers	Balance at <u>31.12.2021</u>
	Kshs	Kshs	Kshs	Kshs
<b>14.0 WORK IN PROGRESS</b>				
CITAM Ngong	5,210,102	-	(5,210,102)	-
CITAM Nakuru	3,341,621	1,064,277	(3,341,621)	1,064,277
CITAM Woodley	4,064,928	6,649,746	(4,064,928)	6,649,746
CITAM Thika road	518,988	-	(518,988)	-
CITAM Valley Road	2,069,428	-	(2,069,428)	-
CITAM Kisumu	2,411,711	971,194	(2,411,711)	971,194
CITAM Buruburu	9,580,969	-	(3,670,440)	5,910,529
CITAM Karen	13,249,824	1,343,280	(13,249,824)	1,343,280
CITAM Athi River	17,815,048	-	(17,815,048)	-
CITAM Thika town	1,608,832	6,996,393	(1,608,833)	6,996,392
CITAM Meru	2,107,634	-	(2,107,634)	-
CITAM Rongai	147,274	-	(147,274)	-
CITAM Eldoret	1,979,832	-	(1,979,832)	-
CITAM Romania	4,721,366	-	-	4,721,366
CITAM Head Office	-	18,847,940	-	18,847,940
	<b>68,827,557</b>	<b>35,872,830</b>	<b>(58,195,663)</b>	<b>46,504,724</b>

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

	<u>2021</u> Kshs	<u>2020</u> Kshs
<b>15.0 PREPAID OPERATING LEASE RENTALS</b>		
<b>COST OR VALUATION</b>		
At 1 January	5,983,144,488	5,980,173,999
Additions	1,931,893	2,970,489
	5,985,076,381	5,983,144,488
<b>AMORTIZATION</b>		
At 1 January	480,808,664	354,307,097
Charge for the year	131,555,335	126,501,567
	612,363,999	480,808,664
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<b>5,372,712,382</b>	<b>5,502,335,824</b>

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

Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortization over the lease period.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2021.... / (Contd)

	<u>2021</u>	<u>2020</u>
	Kshs	Kshs
<b>16.0 INTANGIBLE ASSETS</b>		
<b>COST</b>		
At 1 January	77,103,547	74,944,086
Additions	1,268,680	2,159,461
	<u>78,372,227</u>	<u>77,103,547</u>
<b>AMORTIZATION</b>		
At 1 January	68,172,941	66,838,173
Charge for the year	788,828	1,334,768
	<u>68,961,769</u>	<u>68,172,941</u>
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<u><b>9,410,458</b></u>	<u><b>8,930,606</b></u>

The intangible assets relate to computer software and wide area network.

	<u>2021</u>	<u>2020</u>
	Kshs	Kshs
<b>17.0 LONG-TERM INVESTMENTS</b>		
Treasury bonds (i)	5,959,855	5,959,855
Investment in shares - Ark Properties & Investments	100,000	100,000
	<u><b>6,059,855</b></u>	<u><b>6,059,855</b></u>

(i) Relates to a 10 year infrastructure bond invested with the Central Bank of Kenya, for the Alexander Tee Fund. The annual interest rate is 10.9%.

	<u>Kshs</u>	<u>Kshs</u>
<b>18.0 DUE FROM RELATED PARTIES</b>		
Ark Properties and Investments Limited (18a)	486,660,572	473,501,720
	<u><b>486,660,572</b></u>	<u><b>473,501,720</b></u>
<b>18 (a) Ark Properties and Investments Ltd</b>	<b>Kshs</b>	<b>Kshs</b>
At 1 January	473,501,720	464,633,647
Increase during the year	13,158,852	8,868,073
	<u><b>486,660,572</b></u>	<u><b>473,501,720</b></u>

This relates to balance of loans CITAM borrowed on behalf of Ark Properties and Investments Limited. CITAM owns 99.7% directly through CITAM Trustees and 0.3% indirectly (through Ark Properties directors) of Ark Properties and Investments Limited shareholding.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31st December 2021.... / (Contd)

## 19.0 INVENTORIES

	2021 Kshs	2020 Kshs
Safari books	15,629,213	15,639,651
Consumables	23,782,659	17,503,752
Less: Provision for slow moving inventories	(7,819,826)	(7,819,826)
	<b>31,592,046</b>	<b>25,323,577</b>

## 20.0 TRADE AND OTHER RECEIVABLES

	Kshs	Kshs
School fees debtors	48,703,192	20,136,351
CITAM Hope Media debtors	26,727,329	26,281,622
Prepayments and deposits	69,585,615	99,658,852
Staff debtors	15,403,744	6,646,741
VAT receivable	1,073,661	3,515,967
Other receivables	7,914,358	6,747,525
	169,407,899	162,987,058
Provision for impairment	(77,752,850)	(50,343,269)
	<b>91,655,049</b>	<b>112,643,789</b>

## 21.0 CASH AND CASH EQUIVALENTS

## (a) Short term fixed deposits

	Kshs	Kshs
Co-operative Bank of Kenya Ltd. (i)	565,441,241	271,700,566
Stanbic Bank Ltd	-	42,169,749
KCB Bank Ltd (ii)	11,000,000	-
	<b>576,441,241</b>	<b>313,870,315</b>

(i) The fixed deposit with Co-operative Bank Ltd was short term ranging from a period of 1 month to 6 months at an average annual rate of interest of 7.13%.

(ii) The average annual rate of interest with KCB Bank Ltd was 6.1%.

## (b) Cash and bank balances

	Kshs	Kshs
Cash at bank	68,710,258	97,337,524
Safaricom paybill account	56,263,746	60,568,893
Cash in hand	2,747,776	2,189,951
	127,721,780	160,096,368
<b>Total cash and cash equivalents</b>	<b>704,163,021</b>	<b>473,966,683</b>

## 22.0 DESIGNATED FUNDS

	Balance at 01.01.2021 Kshs	Transfer in Kshs	Receipts Kshs	Payments Kshs	Balance at 31.12.2021 Kshs
Alexander Tee fund	5,711,146	-	644,667	-	6,355,813
Text book fund	20,007,554	-	20,946,525	(12,396,853)	28,557,226
Mission support fund (i)	58,644,494	157,123,618	7,052,713	(133,385,848)	89,434,977
Other development funds	33,933,539	-	42,062,519	(11,502,441)	64,493,617
LADF	7,612,920	-	-	(3,433,010)	4,179,910
Staff welfare fund	476,465	-	2,156,740	(2,224,210)	408,995
Caution fees	9,838,982	-	2,509,900	(137,240)	12,211,642
PAOC mission support (i)	-	324,000,000	-	(8,640,000)	315,360,000
	<b>136,225,100</b>	<b>481,123,618</b>	<b>75,373,064</b>	<b>(171,719,602)</b>	<b>521,002,180</b>

(i) 10% tithe allocation

(ii) CITAM entered into a support agreement with PAOC to partner in Missions and Outreach in Africa in exchange for a property LR No. 209/386/7/8 in Hurlingham. CITAM committed to support PAOC in its ministry in Africa to a tune of Kshs 324 million over a period of 150 months from September 2021.



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

for the year ended 31<sup>st</sup> December 2021.... / (Contd)

## 23.0 BORROWINGS

	2021 Kshs	2020 Kshs
Co-operative Bank of Kenya Ltd (i)	165,391,825	228,263,080
Co-operative Bank Ltd - Ark Properties and Investments Ltd (i)	28,629,526	59,192,957
NCBA Bank - Bus financing (ii)	-	2,712,604
	<b>194,021,351</b>	<b>290,168,641</b>
<b>Repayment analysis</b>		
Non-current - repayable after the next 12 months	<b>115,943,348</b>	<b>189,931,903</b>
Current - repayable in the next 12 months	<b>78,078,003</b>	<b>100,236,738</b>

(i) The facilities at Co-operative Bank of Kenya Limited are repayable at an interest rate of 12.5% p.a. Securities for the loan include existing legal charge over Kisumu municipality block LR No. 10/170, Karen land block LR No. 12409/05 and Parklands land block LR No. 209/10810/5.

(ii) The facility with NCBA Bank Limited was cleared during the year.

## 24.0 TRADE AND OTHER PAYABLES

	2021 Kshs	2020 Kshs
Trade payables	108,536,617	86,580,516
Prepaid school fees	21,558,379	11,449,592
Accounts payable and accruals	54,591,195	26,332,983
Withholding tax and catering levy	3,182,380	1,374,998
	<b>187,868,571</b>	<b>125,738,089</b>

## 25.0 LEASE LIABILITIES

	Kshs	Kshs
Lease liability	81,302,720	77,149,147
Payment of the principal portion of lease liability	(24,028,799)	(20,198,777)
	<b>57,273,921</b>	<b>56,950,370</b>
<b>Split into:</b>		
Non-current liability	<b>31,025,226</b>	<b>32,006,149</b>
Current liability	<b>26,248,695</b>	<b>24,944,221</b>

This relates to the right-of use assets.

## 26.0 CAPITAL COMMITMENTS

	Kshs	Kshs
Authorised and contracted	<b>324,479,249</b>	<b>151,474,828</b>

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

## 27.0 SURPLUS FOR THE YEAR

	2021 Kshs	2020 Kshs
The surplus for the year is arrived at after charging:-		
Finance costs	20,944,729	25,918,960
Provision for bad and doubtful debts	27,409,581	26,991,539
Depreciation of right of use asset	24,613,503	22,232,881
Auditors' remuneration	<b>2,412,568</b>	<b>2,412,568</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31<sup>st</sup> December 2021.... / (Contd)**28.0 INTER-UNIT SALES**

Inter-Unit sales are transactions between various departments within the Ministry. The inter-unit sales during the year were as follows:-

Department/Unit	<u>2021</u> Kshs	<u>2020</u> Kshs	<u>2021</u> %	<u>2020</u> %
Hope FM	59,524,100	52,795,500	70%	68%
Hope TV	101,193,870	108,138,049	98%	95%
Recording Studio	44,804,423	29,667,875	100%	96%
Creative Department	17,948,236	7,715,890	93%	100%
Catering Units	73,255,798	28,247,789	38%	45%
Transport Units	4,655,922	1,367,000	10%	11%
Kadolta Resort	22,739,354	7,734,380	67%	40%
CITAM Outfitters	6,084,364	-	17%	0%
Kiserian Carpentry	7,427,700	3,575,900	100%	100%
<b>Total</b>	<b>337,633,767</b>	<b>239,242,383</b>	<b>60%</b>	<b>70%</b>

**29.0 CONTINGENT LIABILITIES**

During the year under review, the Kenya Revenue Authority (KRA) conducted a tax audit and raised additional tax. An amount of Kshs 5,086,563 was objected and the Ministry is of the opinion that the objection will be upheld by KRA and hence have made no provision in these financial statements.

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

**30.0 EVENTS AFTER REPORTING PERIOD**

The Deacon Board is not aware of any matters arising after 31st December 2021 that would significantly affect operations of the Ministry.

**31.0 CURRENCY**

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



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“ **True faith  
means holding  
nothing back. It  
means putting  
every hope in  
God’s fidelity to  
His promises.**

---

Francis Chan, *Crazy Love*: