



**STICHTING MAF INTERNATIONAL**

**ANNUAL REPORT**

**for the year ended 31 December 2020**

**STICHTING MAF INTERNATIONAL  
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FOR THE YEAR ENDED 31 DECEMBER 2020**

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**STICHTING MAF INTERNATIONAL  
BOARD REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2020**

**FOREWORD**

We have great pleasure in presenting the Board Report and Financial Statements for the year to 31 December 2020 which were adopted in a meeting on 28<sup>th</sup> May 2021. These are presented in English in accordance with a resolution of the Board.

On 1 January 2020, the activities of the flight operations previously carried out by MAFI-UK in Uganda and Tanzania were transferred to MAF International. We believe that MAF International has continued these activities in line with the mission, policies and plans of the organisation and that it has dealt efficiently with the resources at its disposal.

**SUPERVISORY BOARD**

On 5 August 2020 the Articles of Association were amended such that there is now an Executive Board and a Supervisory Board. The following were Supervisory Board members during the year:

Anna Beck	Appointed 5 August 2020	UK	CFO, MAFI-UK
David Fyock	Appointed 5 August 2020	UK	CEO, MAFI-UK
Willem Westra	Appointed 5 August 2020	The Netherlands	Business Consultant

The Supervisory board have met once in 2020 since the Articles of Association were amended.

None of the above were employed by the foundation and therefore no remuneration for the board has been included in these accounts.

**EXECUTIVE BOARD**

The following were the Executive Board members during the year:

Anna Beck	Resigned 5 August 2020	UK	CFO, MAFI-UK
David Fyock	Resigned 5 August 2020	UK	CEO, MAFI-UK
Henk-Jan Muusse		The Netherlands	Executive Director

**STATUTORY PROVISIONS ON THE ACCOUNTS**

Article 14 of the Articles of Association defines the procedures regarding the annual accounts as follows:

- i. The financial year of the Foundation shall coincide with the calendar year.
- ii. As at the end of each financial year the Executive Board shall draw up a balance sheet and a statement of income and expenditure for the previous financial year, such annual accounts to be submitted to the Supervisory Board within six months from the end of the previous financial year. The Supervisory Board may extend this period by a maximum of four months on the grounds of special circumstances.
- iii. If the Executive Board so desires, the annual accounts shall be audited by an expert, to be designated by the Executive Board, who may inspect the books of the Foundation. The designated expert shall inform the Executive Board in writing on his findings. The annual accounts shall be confirmed by the Supervisory Board no later than one month from the expiry of the period referred to in ii above.
- iv. The Executive Board shall draw up an up-to-date policy plan or long-term policy plan. This policy plan, or long-term policy plan, must be consistent with the Foundation's object under the articles of association and shall among other things provide an insight into the activities to be carried out by the Foundation, the manner of raising funds, the way in which the capital is managed and the way it is spent.

**OBJECTIVES AND ACTIVITIES**

MAF International is a Christian mission whose purpose is sharing God's love through aviation and technology. This develops into MAF's vision - "Isolated people physically and spiritually transformed in Christ's name".

The principal activity has been providing a subsidised aviation service in East Africa. Flight training, and aircraft maintenance services are also provided. MAF International's services are provided by dedicated staff (many of whom are seconded to MAF International by agencies) who use their skills in aviation, and other fields, to work *inter alia* with national churches, relief and development agencies, missions, hospitals and governments to meet the most pressing of human needs.

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MAF International reaches the unreached in some of the world’s most remote and isolated areas, where people are cut off due to geographical barriers, conflict or the dangers of overland travel. During 2020, our flights enabled our partners to overcome these challenges, and bring help and hope to people in spiritual and physical need.

**ACHIEVEMENTS AND PERFORMANCE**

During 2019 MAF International operated in Kenya and South Sudan, but from the start of 2020 the programmes of Tanzania and Uganda were added so that operations were in four countries in East Africa for the year. In addition, we support the work of Mission Aviation Training Centre (MATC) in the Netherlands, principally by owning three aircraft leased to them.

Our mission is to reach remote people who are cut off from the resources they need because of geographical barriers, conflict, natural disasters or dangerous overland travel. Our planes fly to numerous locations enabling our many partners to reach people in spiritual and physical need.

The work undertaken by each programme varies to reflect the needs of the country and the surrounding countries as well as the mix of churches, missions and NGOs.

**Key Performance Measures**

During the 2020 year MAF International’s operational flight statistics were:

Country	Total hours flown	Number of flight legs	Unique* passengers	Distance (km)	Unique* cargo (kg)	Fleet size	Destinations
Kenya	511	379	933	118,821	10,505	3	46
South Sudan	1,628	1,780	4,595	399,237	173,905	6	78
Tanzania	253	566	618	44,715	901	2	30
Uganda	1,043	1,075	2,175	233,174	36,717	6	36
<b>TOTAL</b>	<b>3,435</b>	<b>3,800</b>	<b>8,321</b>	<b>795,947</b>	<b>222,028</b>	<b>17</b>	<b>190</b>

\* Unique is defined as passengers or cargo per flight (not per flight leg)

These measures were severely impacted by COVID. In April 2020, we flew 15% of hours flown compared to the same month in 2019. This grew to 66% of the comparative month in December 2020 as lockdowns eased. For the whole year, we flew 52% of the hours flown during 2019.

**Significant Aid and Development Activities**

**Kenya**

During 2020, we undertook a review of the work in Kenya programme to ensure we focussed on the areas in which we could provide the greatest impact. This included a reduction in the maintenance services we offered to third parties and a repositioning of focus of our ministry.

During the height of the pandemic, we were relieved to be able to airlift two babies from arid Dukana to Kijabe, a quality hospital. Although ten-month-old baby Isako died because he had TB, two-day-old Barako survived an operation that only a couple of surgeons in the whole of Kenya were able to perform – making him the youngest baby to survive this kind of heart surgery in the country.

**South Sudan**

In South Sudan, we were privileged to be part of the immediate responders to the pandemic, delivering testing kits and personal protective equipment across the country at the request of the World Health Organisation and South Sudan’s Ministry of Health. Other MAF flights delivered flipcharts and training materials to raise awareness of COVID-19 in Pariang County, and transported two tonnes of oranges, bananas and biscuits, along with medical supplies, soap, and locally manufactured face masks.

We continued to review and refine our services as insecurity was high across the country. Arising from a needs-analysis of suitable housing for our staff, we commenced a critical project to build further houses in Juba so that we can continue our ministry in a country devastated by decades of civil war and oppression.

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5,000 solar powered radios were flown to Maluakon in the north of the country on behalf of partner, Every Village, which broadcasts Christian programmes in local languages. This is important as illiteracy rates are high and with just one of these radios the whole family can listen to the Bible. This means that thousands of people can be reached for the Gospel with just one plane load of cargo.

**Tanzania**

In rural Tanzania, where there is a dangerously inadequate network of dirt-track roads, MAF aircraft played an essential part in providing essential healthcare. As part of a regular medical safari, we flew a team from Haydom Lutheran Hospital to the village of Gorimba, enabling the four nurses to examine 126 pregnant women, inoculate 585 children and check the health of 223 youngsters.

**Uganda**

In Uganda, our team faced significant challenges as all domestic aviation was grounded from 22nd March due to COVID-19. After hard work with the Government, in May we received special permission to deliver 38,400kg of emergency supplies, food and water to communities that had been left with nothing when schools, houses, farms and health facilities were submerged under a torrent of water after four rivers in the Kasese district burst their banks. With 19 evacuation centres set up to help the 173,000 people who had lost their homes, we were delighted to fill our aircraft with supplies donated by the Ugandan Prime Minister and various NGOs.

The Ugandan authorities gave permission to resume domestic passenger flights on 23rd September. The first flight was to a refugee settlement where Lutheran World Fellowship is involved in water, sanitation and hygiene projects and campaigns which dispel false information about COVID-19. It was a joy and relief to resume passenger flying, which has a direct impact on the people we serve.

**Mission Aviation Training Centre**

This entity is set up as an international flying school to train pilots and specifically future MAF pilots. Training is given by former MAF pilots who understand from first-hand experience the high quality, specialised training required to operate in some of the most challenging places in the world. Three aircraft are leased to them and we look forward to the contribution these aircraft will make in training future staff for MAF worldwide.

**FUTURE DEVELOPMENTS**

**Strategic Plan**

A new strategic plan was formulated during 2019 for the five-year period from 2020-2024. The focus of the plan was on the following three areas:

*Expanding our Horizons* is designed to create opportunity for growth through strategic partnerships, institutional and corporate funding, new programmes, worldwide recruitment, capacity-building in our programme countries and new technology that stewards the environment and provides more economical transportation.

*Investing in People* seeks ways to retain staff longer as well as increase the numbers entering our ranks. This will be addressed through a wellbeing strategy, an engineering apprentice and intern scheme, increasing the number of instructor pilots, and a standardised management training plan, which will identify and grow management throughout the organisation.

*Maximising Impact* is designed to provide regular review and feedback for better evaluation of our work and improve the manner in which we perform that work. We will create and implement a ministry impact tool, modernise our software tools, standardise project management, and establish an innovation hub, that invites creative thought to better serve our clients and our end beneficiaries.

Due to the unexpected and extended impact of COVID-19, it was agreed to delay the start of the plan by one year. This allowed management to focus solely on managing the impact of COVID-19 during 2020 and the plan will therefore run from 2021-2024.

**FINANCIAL REVIEW**

The income and expenditure statement for MAF International is set out on page 8. This includes a budget for the year that was revised in April 2020 to take account of the expected impact of COVID-19. The final result was that the income raised from the charitable activities in the year was \$2,557,000, almost reaching the revised budget of \$2,647,000. COVID-19 affected each programme differently dependent on the extent of government lockdowns and the corresponding impact on the communities.

Donation income reached \$6,223,000 in total, as the decision was taken to transfer the funds held by MAFI-UK relating to restricted projects relating to East Africa, as well as unrestricted working capital required for the programmes and to cover

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the management fees. As a result, included in donation income is \$3,934,000 for working capital from MAFI-UK, including \$212,000 which represents the transfer of the net current assets of the Tanzania and Uganda programmes at the start of the year.

Expenditure was carefully managed throughout the year. Overall, expenditure was more than the revised COVID-19 budget. This was due in part to the review in Kenya, which resulted in the redundancy of 15 staff members as well as necessary spending on staff housing and central management costs and depreciation.

The breakdown of the reserves is shown in note 10. The accumulated unrestricted general reserves, excluding the value of the tangible fixed assets, are \$96,000 at 31<sup>st</sup> December 2020. Funds are earmarked to cover the value of the tangible fixed assets, currently \$ 22,953,000 including both the restricted and unrestricted assets. A further \$1,228,000 is held for ongoing restricted projects. It is the policy of MAF International to maintain positive unrestricted, unearmarked reserves and MAFI-UK have confirmed they will support the ongoing financial needs of the Stichting's operations for the coming year to adhere to this policy.

\$5,726,000 of tangible fixed assets were also transferred from MAFI-UK, being the net book value of those assets used in Tanzania and Uganda.

The assets and liabilities of MAF International are set out in the Balance Sheet. All of the assets were used to further the objects of the foundation.

**RISKS**

The Board have a formal risk management process to assess risks and implement risk management strategies. This involves each programme reporting quarterly on the risks that they have identified affecting their area of responsibility. A risk status is identified for each hazard by charting the probability of the event against the severity of its outcomes. The results of the risk assessment determine the level of action or mitigating measures that must be taken. The risks are classified into the following groupings:

- Governance & Management Risks
- Operational Risks
- Finance Risks
- Environmental & External Risks
- Legal & Compliance Risks

Further, a complete review of risk and uncertainty to which MAF International is exposed together with the protective action being planned and implemented is compiled. This is discussed annually by the Board.

The principal risks identified through the process outlined above, together with the control measures being taken to manage these risks were:

<b>Risks</b>	<b>Control Measures</b>
Unable to fill key vacancies with suitable staff	<ul style="list-style-type: none"> <li>• Accelerated recruitment strategy.</li> <li>• Appointment of short-term staff.</li> <li>• Ongoing discussion with sending MAF groups.</li> <li>• Organisational standards and internal controls in place.</li> <li>• Oversight and support from regional support office.</li> </ul>
Failure to maintain safety culture effectively across cultures	<ul style="list-style-type: none"> <li>• Education and training re MAFI safety standards.</li> <li>• Sufficient monitoring and checks made on staff performance.</li> <li>• Internal controls.</li> <li>• Regular audits.</li> </ul>
COVID-19	<ul style="list-style-type: none"> <li>• High risk international staff relocated; medical evacuation policies in place for remaining staff</li> <li>• Organisational financial response plan in place, including reduced overhead spend.</li> <li>• Monitoring the impact on the global economy.</li> </ul>

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In addition to the above, MAF International's operational activities are exposed to the fluctuations of global fuel prices, which is mitigated through continual monitoring of prices, inclusion of inflation factors in the annual budgets and advance purchasing of fuel where practicable.

MAF International has also adopted a range of risk management policies. These policies are available for all staff in every location.

**COVID-19**

During 2020, the organisation was significantly impacted by COVID-19. The organisation put in place a comprehensive 21-month financial plan to rebalance the organisation and enable it to respond to the future uncertainties and the risks presented. Steps taken included a reduction in all overhead spend, pay reductions for staff across the organisation and a reallocation of funds held for other purposes.

The plan has, so far, proved successful and allowed the organisation to continue to complete its mission, albeit in a lesser way due to lockdowns from local governments. We continue to be blessed by generous support from our faithful donor base who donate to the organisation via affiliated agencies.

The financial plan continues into 2021 and will be kept under constant review. The Board will, as required, take necessary steps to ensure the foundation continues as a going concern.

**INTEGRITY**

The Board takes integrity extremely seriously. The foundation has a series of policies with which all staff must comply, including a code of conduct, safeguarding, child safety, financial crime, non-harassment, data protection, privacy, equal opportunity and just culture policies. In addition, there is an independent method of reporting through a whistleblowing hotline.

The financial crime policy requires all staff and other representatives of the foundation to ensure that all relevant laws and regulations are complied with, and organisational standards and reputation are maintained by the provision of fair, effective and transparent processes. The policy defines bribery, corruption, extortion, fraud, money-laundering, terrorism financing and theft. It explains the responsibility of staff and advises staff how to support any suspicions. The policy is supported by an investigation policy which states the actions expected if a finance crime is suspected.

**Internal controls**

The Board has overall responsibility for ensuring that the foundation has an appropriate system of internal controls, financial and otherwise.

They are also responsible for safeguarding the assets of the foundation and hence for taking reasonable steps for the prevention and detection of fraud and other financial crimes, and to provide reasonable assurance that:

- the foundation is operating efficiently and effectively
- its assets are safeguarded against unauthorised use or disposition
- proper records are maintained and financial information used within the foundation or for publication is reliable
- the foundation complies with relevant laws and regulations

The systems of internal control are designed to provide reasonable, but not absolute, assurance against material misstatement or loss. They include:

- a strategic plan and an annual budget approved by the Board
- regular consideration by the Board of financial results, variances from budgets and non-financial performance indicators
- delegation of authority and segregation of duties
- identification and management of risks
- minimum financial internal controls required are documented in a finance manual that is regularly reviewed and updated

In addition, MAFI-UK has a financial internal audit function, which also covers its subsidiaries. This includes a schedule of audit visits to programmes on a rotational basis. South Sudan was visited for internal audit purposes during the year. This audit concluded that there was a very good control system in the programme in the vast majority of areas, with MAF policies being applied. 3 minor matters were raised by the report, all of which were considered to be in the lowest level of risk.

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**Standards, safety and quality**

MAF operates an Aviation Safety Programme and a Quality Assurance Programme. The aviation standards in the aviation manuals, for all our operations are International Civil Aviation Organisation (ICAO) and/or local national authority (NAA) compliant.

The purpose of the quality assurance programme in relation to aviation is to monitor achievement and continued compliance with the requirements of the local aviation authority and of MAF International and to ensure adequate procedures for the safe operation of airworthy aircraft. In addition to local quality managers, MAF International also operates a central audit system where each programme's operations and maintenance compliance is monitored annually.

We are pleased to report that there were no flight accidents during the period.

**Safeguarding**

MAF International is committed to providing a safe and trusted environment for our staff, volunteers and beneficiaries. The organisation requires the highest ethical and moral standards from all our staff and takes misconduct seriously.

MAF has a guide to safeguarding within the organisation, together with revised safeguarding standards for the protection of children and vulnerable adults, requiring agreement from each member of staff.

During the year, no safeguarding issues have been under investigation within MAF International.

**OUTLOOK AND BUDGET 2021**

Budgets for 2021 were prepared in the last quarter of the year. These show a total of 5,612 flying hours for the four programmes in East Africa. Whilst this is 63% higher than the 3,435 hours actually achieved in 2020, it is 16% less than the 6,649 hours flown in these programmes in 2019. Accurate forecasts are very difficult to make due to the coronavirus pandemic.

In any event, gift income from MAFI-UK is budgeted to meet the operational losses that will be incurred as shown in the 2021 budget below.

Budget 2021	US\$,000
Donation Income	4,253
Ministry Income	3,057
Other Income	31
Direct costs	(2,027)
Overhead costs	(4,514)
Depreciation	<u>(800)</u>
Net Result	<u>-</u>

In any event, MAFI-UK has confirmed its support of the Stichting.

Approved and adopted by the Board 28<sup>th</sup> May 2021

Executive Board:

Henk-Jan Muusse

Supervisory Board:

Anna Beck

David Fyock

Willem Westra



**STICHTING MAF INTERNATIONAL**  
**BALANCE SHEET**  
**(after appropriation of income and expenditure)**  
**AS AT 31 DECEMBER 2020**

	Note	2020 US\$,000	2019 US\$,000
<b>ASSETS</b>			
Tangible fixed assets	6	22,953	17,671
Stocks	7	609	443
Debtors	8	434	433
Cash and cash equivalents	9	<u>2,295</u>	<u>353</u>
<b>Total assets</b>		<u>26,291</u>	<u>18,900</u>
<b>LIABILITIES</b>			
<b>Reserves</b>			
General unrestricted		96	(841)
Restricted		1,228	-
<b>Earmarked Funds</b>			
Restricted assets fund		8,123	6,250
Unrestricted assets fund		<u>14,830</u>	<u>11,421</u>
<b>Reserves and Funds</b>	10	24,277	16,830
<b>Provisions</b>	11	264	741
<b>Current liabilities</b>	12	<u>1,750</u>	<u>1,329</u>
<b>Total liabilities</b>		<u>26,291</u>	<u>18,900</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

**STICHTING MAF INTERNATIONAL  
INCOME AND EXPENDITURE STATEMENT  
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		Actual	Budget	Actual
		Year	Year	13 March to
		2020	2020	31 December
	Note	US\$,000	US\$,000	2019
				US\$,000
<b>INCOME</b>				
Donations	13	6,233	3,793	670
Charitable activities	14	2,557	2,647	1,369
Other		61	63	46
<b>Total income</b>		<u>8,851</u>	<u>6,503</u>	<u>2,085</u>
<b>EXPENDITURE</b>				
Charitable activities	15	6,176	5,655	2,576
Support costs	16	973	848	350
<b>Total expenditure</b>		<u>7,149</u>	<u>6,503</u>	<u>2,926</u>
<b>Surplus/(deficit) before unrealised gains</b>		1,702	-	(841)
Unrealised foreign exchange gain		19	-	-
<b>Surplus/(deficit)</b>		<u>1,721</u>	<u>-</u>	<u>(841)</u>
<b>Allocation of surplus/(deficit):</b>				
To/(from) General Reserves	10	937		(841)
To Restricted Reserves	17	1,228		-
From Restricted Asset Funds		(178)		-
From Unrestricted Asset Funds		(266)		-
		<u>1,721</u>		<u>(841)</u>

The notes on pages 9 to 17 form an integral part of these financial statements.

**STICHTING MAF INTERNATIONAL  
OTHER INFORMATION  
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**1. FOUNDING AND OBJECTIVES OF THE STICHTING**

Stichting MAF International was founded on 13 March 2020. It is a foundation registered under KvK number 74256157. (RSIN 859827112). The official seat is in the municipality of Harderwijk, at de Zanden 57 A, 7395PA Teuge with postal address Postbus 7, 7390AA Twello. These financial statements cover year to 31 December 2020.

The objectives of the Foundation are to advance the Christian faith by such means as the Foundation shall determine from time to time by supporting and encouraging the work of national churches, missions and relief and development agencies in developing countries so that the love of Christ is shared in word and by practical means, and to perform all such further acts and activities as are in the widest sense connected therewith, incidental thereto and/or which may be conducive thereto.

The Foundation shall make every effort inter alia to attain and accomplish its objectives by:

- a) the provision of air and other appropriate transport;
- b) linking people with information quickly and easily;
- c) supplying goods and services economically and efficiently; and
- d) such other means being charitable as the Foundation shall determine.

The objective of the Foundation is not to gain profits.

**2. GROUP STRUCTURE & RELATED PARTIES**

Stichting MAF International is a subsidiary of Mission Aviation Fellowship International a charitable company registered in the UK (MAFI-UK) under Company number 3144199 and Charity number 1058226.

The Stichting has no other related parties.

**3. IMPACT OF COVID-19 AND GOING CONCERN**

COVID-19 has had a significant impact on MAF International. In April 2020, a comprehensive 21-month plan to manage the financial impact was put in place. The plan included careful management of overheads and necessary pay reductions in order to position the foundation well to respond to the needs of the world's isolated communities in future. The plan was executed effectively.

The financial plan continues into 2021 and will be kept under constant review. It has been reverse-stress tested to assess the reliability of the plan. The parent charity, MAFI-UK, has committed to support MAF International for the foreseeable future. The Board is of the opinion that the foundation remains a going concern and will, as required, take necessary steps to ensure the foundation continues to operate.

**4. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Guideline no 640 for Annual Reporting in the Netherlands regarding not for profit organisations as issued by the Dutch Accounting Standards Board.

Amounts are included to the nearest \$1,000.

They have been prepared on a going concern basis, under the historical cost convention, as modified by the recognition of aircraft which are measured at fair value in accordance with the policy c below.

If not specifically state otherwise, assets and liabilities are recognised at the amounts at which they were acquired or incurred.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

**a Foreign currencies**

The functional and presentation currency of Stichting MAF International is US dollars as the primary currency used in the aircraft industry and in Mission Aviation Fellowship International. However, income and costs also arise in other currencies due to operating jurisdictions. Other currencies have been translated to US dollars as follows:

Current assets and liabilities – closing rate at 31 December 2020  
Other amounts - rate at date of transaction

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Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the income and expenditure statement.

The key exchange rates used to translate to US\$ were:

	31 December 2020	2020 Average
Euro	0.823	0.8798
Kenyan Shillings	109.17	105.95
South Sudanese £	590	373.33
Tanzanian Shillings	2,325	2,318
Ugandan Shillings	3,646	3,722

**b Estimates**

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 5.

**c Tangible fixed assets**

Assets used in Tanzania and Uganda were transferred to the Stichting MAF International by the holding company, MAFI-UK on 1<sup>st</sup> January 2020. They were transferred at the net book values at which they were previously held in MAFI-UK. These, together with the assets for Kenya and South Sudan transferred in 2019, have had their depreciation calculated as follows:

*(i) Aircraft*

Aircraft are valued at the Board's valuation. This is determined by reference to the "Blue Book value" (the aviation industry's standard indication of the expected recoverable amount on the open market). Adjustments are made for enhancements to the aircraft not accounted for in the Blue Book value. Annually, every aircraft is revalued and reviewed for impairment.

When an aircraft has been purchased, and until it is brought into operational use, it is valued at the costs incurred to date. When it is planned that an aircraft will be sold the net value of that aircraft is reduced to the expected sale proceeds.

*(ii) Property*

Depreciation is charged to write off expenditure on leasehold property equally over the length of the lease. Depreciation on other buildings is charged so as to write off the cost to their residual values over their expected economic lives. This is assessed country by country and ranges from 3 to 50 years. Depreciation on leasehold land is charged to write off the expenditure over the life of the lease. For assets in the course of construction depreciation is charged from the date that the facility becomes operational.

*(iii) Equipment and vehicles*

Depreciation is charged to write off the expenditure over an estimated useful life of 5 to 10 years.

Individual fixed assets costing \$3,000 have been capitalised at cost.

**d Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value.

**e Cash**

Cash at bank and cash in hand includes cash and short term highly liquid investments.

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**f Funds**

*Unrestricted Funds* comprise net accumulated surpluses that are not subject to any legal or 3<sup>rd</sup> party restriction and are available for use to further the charitable objectives of the Stichting.

*Restricted Funds* are funds and assets subject to specific conditions imposed by donors. When assets are purchased with restricted funds the restriction is deemed to be satisfied after reporting to the donor on the use of those assets ceases. Such assets are then transferred to unrestricted designated funds.

**g Asset Funds**

These represent amounts set aside equivalent to the value of the aircraft, properties, equipment and vehicles used by MAF International. They include the value of the assets used in Tanzania and Uganda that were transferred in the year.

**h Liabilities**

Creditors and provisions are recognised where the foundation has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are recognised at their settlement amount value.

**i Income**

(i) Donations are recognised when the foundation has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received, and the amount can be measured reliably.

(ii) Income arising from charitable activities is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods supplied or services rendered, net of credits and discounts allowed and value added taxes.

**j Expenditure**

(i) Charitable activities comprise actual costs relating to the aircraft and other services together with overseas overheads.

(ii) Support costs include functions that directly support the operations such as flight training, engineering, operations support and quality, safety and security. Support costs also include back office costs, finance, personnel, payroll and governance costs which support the charitable activities.

**k Staff costs**

(i) Salaries, social security contributions and pension costs are recognised in the income and expenditure statement based on terms of employment.

(ii) Leave benefits, including holiday pay are recognised as an expense in the period in which the service is rendered.

(iii) Pension payments are to defined contribution pension schemes and are recognised as an expense in the period in which the service is rendered.

**l Operating leases**

Operating lease rentals are charged to income and expenditure statement in accordance with the term of the lease.

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**5. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTIES**

The Board evaluates estimates and judgements incorporated into the financial statements. Estimates are based on historical information, assume a reasonable expectation of future events, and are based on current trends and economic data, obtained both externally and within the group:

**a Aircraft valuations**

As mentioned above aircraft are valued by the board.

**b Estimation of useful lives of assets**

MAF International determines the estimated useful lives and related amortisation and depreciation charges for intangible and tangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The amortisation or depreciation charge will increase where the useful lives are less than previously estimated lives. Technically obsolete assets that have been abandoned or sold are written off or written down.

**c Impairment**

MAF International assesses impairment of intangible and tangible assets at the end of each reporting period by evaluating conditions and events specific to the organisation that may be indicative of impairment trigger.

**d Tax provisions**

The entity has a number of outstanding tax issues at the end of the financial year. The expected liabilities are provided for in the financial statements. Each is calculated in accordance with communication from the tax authorities, local legislation and other external factors such as exchange rates. These provisions are reviewed annually and recalculated as necessary.

**6. TANGIBLE FIXED ASSETS**

All assets are held for the operations:

	Aircraft US\$,000	Land & Property US\$,000	Equipment & Vehicles US\$,000	Total US\$,000
Balance 1 January 2020	9,513	7,916	242	17,671
Transferred from MAFI-UK	4,142	1,322	262	5,726
Additions	24	293	79	396
Disposals	-	(24)	-	(24)
Depreciation	(237)	(407)	(172)	(816)
Net book value	<u>13,442</u>	<u>9,100</u>	<u>411</u>	<u>22,953</u>
Valuation, or Cost	13,442	11,608	2,084	27,134
Accumulated Depreciation	<u>-</u>	<u>(2,508)</u>	<u>(1,673)</u>	<u>(4,181)</u>
	<u>13,442</u>	<u>9,100</u>	<u>411</u>	<u>22,953</u>

On 1 January 2020 all the fixed assets owned in Tanzania and Uganda by MAFI-UK were donated to the Stichting at their net book value of \$5,726,000, in line with the transfer of the operations of those countries.

The titles of land and buildings in Kenya is held by a corporate body, Missionary Aviation Fellowship (Kenya) Registered Trustees, on behalf of MAF International.

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**7. STOCKS**

	2020	2019
	US\$,000	US\$,000
Aircraft spare parts	828	538
Stock provision on spare parts	(240)	(111)
Fuel and other stocks	21	16
	<u>609</u>	<u>443</u>

**8. DEBTORS**

	2020	2019
	US\$'000	US\$'000
Trade debtors	125	147
Other debtors	77	120
Prepayments	232	167
	<u>434</u>	<u>433</u>

**9. CASH AND CASH EQUIVALENTS**

	2020	2019
	US\$'000	US\$'000
Cash	100	52
Bank accounts	2,195	301
	<u>2,295</u>	<u>353</u>

Of the amount held, \$1,228 is set aside for use on the restricted projects as shown in note 10.

**10. RESERVES AND FUNDS**

	General Reserve	Unrestricted Asset Fund	Restricted Asset Fund	Restricted Projects Reserve (note 17)	Total Reserves and Funds
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Brought forward at 1 <sup>st</sup> January 2020	(841)	11,421	6,250	-	16,830
Transfer – Asset Equalisation	-	3,675	2,051	-	5,726
	(841)	15,096	8,301	-	22,556
<u>Surplus for the year</u>					
Income	7,371	-	-	1,480	8,851
Expenditure	(6,225)	(655)	(161)	(108)	(7,149)
Unrealised foreign exchange	19	-	-	-	19
	1,165	(655)	(161)	1,372	1,721
Transfers	(228)	389	(17)	(144)	0
Carried forward at 31 <sup>st</sup> December 2020	96	14,830	8,123	1,228	24,277

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The asset equalisation transfer represents the tangible assets that were donated by MAFI-UK to the Stichting on 1<sup>st</sup> January 2020. They include all those that are held in Tanzania and Uganda in line with the transfer of operations in those countries.

The restricted and unrestricted asset funds represent amounts set aside equivalent to the value of the aircraft, properties, equipment and vehicles used by MAF International. The restricted assets are made up of 10 aircraft with a total net value of \$8,083,000 and \$40,000 of property expenditure capitalised in the year, on projects in South Sudan and Uganda but not yet complete.

The transfers represent tangible asset movements as follows:

	General Reserve	Unrestricted Asset Fund	Restricted Asset Fund	Restricted Projects Reserve	Total Reserves
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
De-restrictions	-	161	(161)	-	-
Purchases	(252)	(252)	143	(143)	-
Disposals	24	(24)	-	-	-
<b>Total Transfers</b>	<b>(228)</b>	<b>389</b>	<b>(17)</b>	<b>(144)</b>	<b>0</b>

**11. PROVISIONS**

	2020	2019
	US\$,000	US\$,000
International staff taxes	264	115
Excise taxes	-	626
	<u>264</u>	<u>741</u>

In South Sudan the National Revenue authority issued a notice to say that all international staff would be taxed from the start of 2020. We submitted an application for exemption, but that has not yet progressed due to a change in the tax commissioner. We have therefore provided for \$264,000 based on our estimate of the amounts that would be due on housing and allowances for the staff.

Also in South Sudan, an agreement to pay \$489,000 for excise taxes in four equal instalments was reached with the Government with no penalties and interest. One of these instalments was paid in 2020, and the remaining amount of \$366,000 paid in early 2021, is included in current liabilities.

**12. CURRENT LIABILITIES**

	2020	2019
	US\$,000	US\$,000
Creditors	692	472
Customer deposits and balances	318	442
Accruals	91	47
Social security creditors	82	192
VAT Payable	17	33
Customs duties	-	61
Excise taxes	394	-
Income tax	20	-
Other creditors	136	82
	<u>1,750</u>	<u>1,329</u>



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In South Sudan we reached an agreement with the revenue authorities to pay excise taxes for prior years in total of \$488,000 in four equal instalments, without any penalties. At the year end, one instalment had been paid. A further \$366,000 has been paid in the first quarter of 2021 and this, together with the monthly amount due for December 2020 make up the total liability of \$394,000.

In Uganda we received a tax demand for the prior years of 2008 and 2009 of \$28,000 which we are negotiating with the revenue authority about as we held tax exemptions for those years. We are accruing \$20,000 as an estimated outcome of the negotiations.

**13. DONATION INCOME**

	2020	2019
	US\$,000	US\$,000
Contributions for		
Working capital from MAFI - UK	3,934	568
Income for housing international staff	417	102
Restricted donations	1,480	-
Unrestricted donations	402	-
	<u>6,233</u>	<u>670</u>

MAFI-UK supported the services in East Africa and have gifted to the Stichting the value of the working capital required during the period. Restricted donations are amounts given specifically for projects in East Africa as shown in note 17.

**14. INCOME FROM CHARITABLE ACTIVITIES**

The users of MAF International flight services make a contribution towards the costs. In Kenya, we additionally have an aircraft engineering base which serves both the programmes in Kenya and South Sudan as well as 3<sup>rd</sup> party customers. In in South Sudan we provided some housing to a 3<sup>rd</sup> party and in Uganda we provided other services such as logistics and renting out parts of our airfield premises.

	2020	2019
	US\$,000	US\$,000
Contributions for		
Aviation services	1,846	1,089
Maintenance services	661	280
Other services	50	-
	<u>2,557</u>	<u>1,369</u>

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**15. EXPENDITURE ON CHARITABLE ACTIVITIES**

Direct costs of services comprise the direct costs of aviation (such as fuel, maintenance and insurance) as well as those of running the aviation operations and maintenance departments, excluding staff costs. The direct costs of providing other services are within other local overhead expenditure, and are not material.

Charitable activities were as follows:

	2020	2019
	US\$,000	US\$,000
Aviation direct costs	2,291	1,356
Overseas Staff costs	1,745	726
Housing and tax for international staff	605	207
Other overhead expenditure	719	287
Depreciation	816	-
	<u>6,176</u>	<u>2,576</u>

**16. MANAGEMENT AND SUPPORT COSTS**

Unrestricted general support costs were as follows:

	2020	2019
	US\$,000	US\$,000
Management fees	926	322
Audit fee	43	28
Legal fees	3	-
Other costs	1	-
	<u>973</u>	<u>350</u>

Management fees in 2020 have been calculated at 15% on all the charitable activities in Note 15.

**17. RESTRICTED PROJECTS RESERVE**

The restricted projects reserve comprises the following unexpended balances of gifts made for specific purposes as shown by country below:

	Income	Revenue Expenditure	Capital Expenditure	Balances 31 December 2020
	US\$,000	US\$,000	US\$,000	US\$,000
Kenya	39		(39)	-
South Sudan	1,283	(21)	(98)	1,164
Tanzania	40	(29)	(7)	4
Uganda	118	(58)	-	60
	<u>1,480</u>	<u>(108)</u>	<u>(144)</u>	<u>1,228</u>

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**18. STAFF EXPENDITURE AND STAFF NUMBERS**

	2020	2019
	US\$,000	US\$,000
Staff Costs		
Wages and salaries	1,525	614
Social security costs	107	44
Pension costs	113	68
	<u>1,745</u>	<u>726</u>

The average number of staff employed in East Africa during the year was 122 (2019 – 74).

No remuneration is paid to the directors. The executive director and two of the supervisory directors were employed and paid by MAFI-UK during the period. A proportion of their costs is deemed to be covered by the management fee shown in note 16.

In addition to the national staff employed in their own countries are further staff paid by the MAF Group or other mission agency which then second them to East Africa. The costs of these staff are therefore borne by those groups. These agencies also contribute towards their housing costs. The average number of international staff serving in these countries was 41.5.

The estimated costs of these staff, not included in these accounts is \$2,644,000 for the year to 31st December 2020.

**19. FINANCIAL COMMITMENTS**

At 31 December 2020 the organisation was committed to making the following payments under non-cancellable operating leases on properties:

	2020
	US\$,000
Payable in 1 year	95
Payable in 2 to 5 years	<u>10</u>
	<u>105</u>

**20. CAPITAL COMMITMENTS**

In January 2021, the organisation signed a contract with building contractors in South Sudan, to complete the construction of more housing on the Korok compound for \$514,380. This will be paid for with money raised specifically for this purpose.

Approved and adopted by the Board on 28<sup>th</sup> May 2021

Executive Board:

Henk-Jan Muusse

Supervisory Board:

Anna Beck

David Fyock

Willem Westra



## Independent auditor's report

To: Supervisory Board of Stichting MAF International

### **Report on the audit of the financial statements for the year ended 31 December 2020 included in the annual accounts**

#### **Our opinion**

We have audited the financial statements for the year ended 31 December 2020 of Stichting MAF International.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting MAF International as at 31 December 2020, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board (hereinafter: RJ 640).

The financial statements comprise:

1. the balance sheet as at 31 December 2020;
2. the statement of income and expenditure for the year then ended; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

#### **Basis for our opinion**

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting MAF International in accordance with the 'Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten' (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the 'Verordening gedrags- en beroepsregels accountants' (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Report on the other information included in the annual accounts**

In addition to the financial statements and our auditor's report thereon, the annual accounts contains other information.

Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.



We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The Executive Board is responsible for the preparation of the board's report in accordance with the Guideline for annual reporting 640 "Not-for-profit organisations" of the Dutch Accounting Standards Board.

## **Description of responsibilities regarding the financial statements**

### **Responsibilities of the executive BOARD and supervisory board for the financial statements**

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with the Guideline for annual reporting 640 "Not-for-profit Organizations" of the Dutch Accounting Standards Board. Furthermore, the Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the organization's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless the Board either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the organization's ability to continue as a going concern in the financial statements.

The Supervisory board is responsible for overseeing the company's financial reporting process.

### **Our responsibilities for the audit of the financial statements**

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.



We have exercised professional judgement and have maintained professional scepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;
- obtaining 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 organization's internal control;
- evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board;
- concluding on the appropriateness of the Board's 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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause an organization to cease to continue as a going concern;
- evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings in internal control that we identified during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Amsterdam, 25 June 2021

Mazars N.V.

Original was signed by drs. R.C.H.M. Horsmans RA RV