



STICHTING MAF INTERNATIONAL

ANNUAL REPORT

for the year ended 31 December 2021

**STICHTING MAF INTERNATIONAL
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FOR THE YEAR ENDED 31 DECEMBER 2021**

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**STICHTING MAF INTERNATIONAL
BOARD REPORT
FOR THE YEAR ENDED 31 DECEMBER 2021**

FOREWORD

We have great pleasure in presenting the Board Report and Financial Statements for the year to 31 December 2021 which were adopted in a meeting on 24th May 2022. 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

The following were Supervisory Board members during the year:

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

The Supervisory board met twice in 2021.

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 was the Executive Board member during the year:

Henk-Jan Muusse	The Netherlands	Executive Director
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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 serving together to bring help, hope and healing through aviation. This develops into MAF's vision - "To see isolated people changed by the love of Christ".

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.

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 2021, our flights enabled our partners to overcome these challenges, and bring help and hope to people in spiritual and physical need.

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ACHIEVEMENTS AND PERFORMANCE

During the year MAF International operated in Kenya and South Sudan, Tanzania and Uganda. 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 2021, 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	612	405	1,095	152,425	15,231	2	46
South Sudan	2,217	2,801	9,371	527,940	139,170	7	64
Tanzania	313	718	817	58,401	1,207	3	31
Uganda	1,417	1,297	2,648	317,059	11,889	5	38
TOTAL	4,559	5,221	13,931	1,055,825	167,497	17	179

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

Activity was hit hard by the COVID-19 pandemic in 2020. 2021 remained a challenge with local lockdowns in place throughout various parts of the year in Kenya and Uganda. Flying in South Sudan and Tanzania increased back to relatively normal levels, however activity in Kenya and Uganda was about 50% of historic levels through the year, albeit increasing as the year progressed.

OUR STRATEGIC PRIORITIES

During 2021, work commenced against the priorities of our new strategic plan, under the three headings of Expanding our Horizons, Investing in People and Maximising Impact.

Expanding our Horizons

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

To retain staff longer as well as increase the numbers joining the organisation. 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

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.

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SIGNIFICANT AID AND DEVELOPMENT ACTIVITIES

Examples of the impact of the Foundation's work is shown below.

Kenya

In Kenya, where overland travel can be particularly dangerous, our strong working relationship with CURE International grew to carry out mobile medical clinics – our aircraft taking only two hours to fly orthopaedic specialists from Nairobi to Lamu Island, saving eight hours by road. The following day, the medics then went on to hard-to-reach Bura. Our aircraft enabled a total of 83 patients to be treated for conditions including cerebral palsy and club foot.

South Sudan

In South Sudan, where civil war has been raging since 2013, MAF planes transported teams from the Peacebuilding Opportunities Fund to encourage key community leaders from warring tribes to resolve problems without resorting to violence. Despite the groups having been involved in cattle raiding, revenge killing and child abduction, MAF aircraft enabled them to reach Rumbek for a three-day conference where armed youths from the Dinka Bor, Lual Nuer and Murle tribes agreed 'to peacefully co-exist'.

MAF also enabled humanitarian workers to leave western South Sudan in August 2021 when the security situation deteriorated due to fighting between rebel groups. As Pilot Wim Hobo explained, 'NGOs and missions need to know that, if they get into trouble, they have an option to get out. We will always try to make it work if we can.'

In 2021, flights for Christian healthcare provider In Deed and Truth Hospital helped save the lives of fragile babies in Tonj, with MAF Maintenance Manager James Mollenhauer fixing the compressor unit of a broken oxygen concentrator so it could be flown by MAF back to the hospital. 'Road transport to Juba is not an option for us,' one of the doctors explained, 'due to the high risk of a rebel ambush. The weekly MAF shuttle from Juba has massively improved our effectiveness, quality of life and sustainability as missionaries. When vital medicines run out, we can now restock within a week.'

Tanzania

In rural Tanzania, where there's a dangerously inadequate network of dirt-track roads, MAF aircraft helped Elisha, lead evangelist at Malambo Bible College, travel safely, so he could tell other Maasai about Jesus. Our flights reduced overland journeys that would usually take him days on foot to under an hour. Many years ago, before he had even heard about MAF, Elisha was chased by a herd of elephants and a badly injured buffalo. 'I remember another time that I walked barefoot, got sunstroke and couldn't walk. I stopped under a tree and started to cry because of the pain. But MAF was the answer to my cries.' In 2021, thanks to MAF flights, Elisha and his team baptised more than 130 adults, showing them the importance of trusting God in good times and bad.

Uganda

In Uganda, which has the largest number of refugees in Africa, MAF Pilot Matt Eagar delivered resources including felt boards, peg people and clay, enabling Christian NGO Tutapona to provide a mental health programme for 50 young people living in Adjumani, home to one of the world's most conflict-affected communities. The Christ-centred programme helps children recover from traumatic experiences caused by armed conflict. According to the leader of the project, those who respond successfully, end up with 'hope, are courageous, able to forgive, and thankful. They also have faith in a divine Creator.'

MAF also carried out a charter flight for Italian medical mission Doctors with Africa, based in Karamoja – one of the hardest to reach places in north-eastern Uganda – enabling the Minister of Health to attend a ceremony to mark the World TB and Leprosy Day in Moroto.

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.

FINANCIAL REVIEW

The income and expenditure statement for MAF International is set out on page 8. The final result was that the income raised from the charitable activities in the year was \$2,999,000, almost reaching the budget of \$3,027,000.

Donation income reached \$4,602,000 in total. Included in donation income is \$4,136,000 for working capital from MAFI-UK.

Expenditure was carefully managed throughout the year. Overall, expenditure on charitable activities was close to budget with actual of \$6,414,000 compared to \$6,353,000. The increase in support costs was primarily for the staff working from the Netherlands who were transferred to the foundation during the year totalling \$307,000.

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There is a resulting net deficit for the year of \$54,000 against a breakeven budget. At the year end there was a solvency ratio of 92% and a current ratio of 1.7.

The breakdown of the reserves is shown in note 10. The accumulated unrestricted general reserves, excluding the value of the tangible fixed assets, are \$209,000 at 31st December 2021. Funds are earmarked to cover the value of the tangible fixed assets, currently \$ 23,283,000 including both the restricted and unrestricted assets. A further \$730,000 is held for ongoing restricted projects. It is the policy of MAF International to maintain positive unrestricted, unearmarked reserves.

MAFI-UK have confirmed they will support the ongoing financial needs of the foundation’s operations for the coming year to adhere to this policy.

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:

Risks	Control Measures
Unable to fill key vacancies with suitable staff	<ul style="list-style-type: none"> • Internal/external recruitment and planning • Appointment of short-term staff. • Ongoing discussion with sending MAF groups. • Organisational standards and internal controls in place. • Oversight and support from regional support office.
Outbreak/epidemic of disease in area of operation.	<ul style="list-style-type: none"> • Regular monitoring in countries most likely to be affected. • Withdrawal of high-risk staff/families. • Standards for transportation of passengers with diseases • Cleaning procedures
Global pandemic	<ul style="list-style-type: none"> • Reducing overhead, reallocating reserves and reissuing budgets. • Local contingency plans in place. • Financial worst case contingency measures in place.

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 2021, the organisation continued to be impacted by COVID-19. In 2020 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

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presented. The plan proved successful and allowed the organisation to continue to complete its mission. We continue to be blessed by generous support from our faithful donor base who donate to the organisation via affiliated agencies.

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. There were two matters of which one was considered minor and the other of negligible risk.

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.

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OUTLOOK AND BUDGET 2022

Budgets for the year 2022 were prepared in the last quarter of 2021. These show a total of 5,953 flying hours for the four programmes in East Africa. Whilst this is 30.5% higher than the 4,559 hours actually achieved in 2021, it is 10.4% less than the 6,649 hours flown in these programmes in the pre covid year of 2019.

In any event, gift income from MAFI-UK is budgeted to meet the operational losses that will be incurred as shown in the 2022 budget for the year below.

Budget Year 2022	US\$,000
Donation Income	4,358
Ministry Income	3,668
Other Income	265
Direct costs	(2,504)
Overhead costs	(4,987)
Depreciation	(800)
Net Result	-

In May 2022 it was agreed to transfer assets and activities of the four East Africa programmes to MAFI-UK from 1st July to continue their operations within that entity. This will enable the legal ownership to more easily reflect the managerial position, and their administrative duties.

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

Approved and adopted by the Board 24th May 2022

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 2021

	Note	2021 US\$,000	2020 US\$,000
ASSETS			
Tangible fixed assets	6	23,283	22,953
Stocks	7	502	609
Debtors	8	629	434
Cash and cash equivalents	9	1,917	2,295
Total assets		<u>26,331</u>	<u>26,291</u>
LIABILITIES			
Reserves			
General unrestricted		210	96
Restricted		730	1,228
Earmarked Funds			
Restricted assets fund		8,703	8,123
Unrestricted assets fund		14,580	14,830
Reserves and Funds	10	24,223	24,277
Provisions	11	301	264
Current liabilities	12	1,807	1,750
Total liabilities		<u>26,331</u>	<u>26,291</u>

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

**STICHTING MAF INTERNATIONAL
INCOME AND EXPENDITURE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

		Actual Year 2021 US\$,000	Budget Year 2021 US\$,000	Actual Year 2020 US\$,000
INCOME				
Donations	13	4,602	4,253	6,233
Charitable activities	14	2,999	3,027	2,557
Other		93	31	61
Total income		<u>7,694</u>	<u>7,311</u>	<u>8,851</u>
EXPENDITURE				
Charitable activities	15	6,414	6,353	6,176
Support costs	16	1,321	957	973
Total expenditure		<u>7,735</u>	<u>7,310</u>	<u>7,149</u>
(Deficit)/Surplus before unrealised gains		(41)	-	1,702
Unrealised foreign exchange gain		(13)	-	19
(Deficit)/Surplus		<u>(54)</u>	<u>-</u>	<u>1,721</u>
Allocation of (Deficit)/Surplus:				
To/(from) General Reserves	10	114		937
To Restricted Reserves	17	(497)		1,228
From Restricted Asset Funds		579		(178)
From Unrestricted Asset Funds		(250)		(266)
		<u>(54)</u>		<u>1,721</u>

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

**STICHTING MAF INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 2021.

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 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 to position the foundation well to respond to the needs of the world's isolated communities in future. The plan was completed at the end of 2021 and Foundation remains in a stable financial position.

The Foundation is reliant on donations from the parent charity, MAFI-UK. 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.

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 2021
Other amounts - rate at date of transaction

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.

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

	31 December 2021	2021 Average
Euro	0.8796	0.8415
Kenyan Shillings	113.14	109.54
South Sudanese £	435	473.33
Tanzanian Shillings	2,310	2,321
Ugandan Shillings	3,545	3,593

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 all the East Africa programmes were transferred at the net book values at which they were previously held in MAFI-UK. 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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NOTES TO THE FINANCIAL STATEMENTS
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f Funds

Unrestricted Funds comprise net accumulated surpluses that are not subject to any legal or 3rd 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.

**STICHTING MAF INTERNATIONAL
NOTES TO THE FINANCIAL STATEMENTS
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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 2021	13,442	9,100	411	22,953
Additions	-	1,041	113	1,154
Depreciation	(256)	(414)	(154)	(824)
Net book value	<u>13,186</u>	<u>9,727</u>	<u>370</u>	<u>23,283</u>
Valuation, or Cost	13,186	12,649	2,049	27,884
Accumulated Depreciation	<u>-</u>	<u>(2,922)</u>	<u>(1,679)</u>	<u>(4,601)</u>
	<u>13,186</u>	<u>9,727</u>	<u>370</u>	<u>23,283</u>

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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NOTES TO THE FINANCIAL STATEMENTS
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7. STOCKS

	2021	2020
	US\$,000	US\$,000
Aircraft spare parts	728	828
Stock provision on spare parts	(251)	(240)
Fuel and other stocks	25	21
	<u>502</u>	<u>609</u>

8. DEBTORS

	2021	2020
	US\$'000	US\$'000
Trade debtors	213	125
Other debtors	139	77
Prepayments	277	232
	<u>629</u>	<u>434</u>

All debtors are due within one year.

9. CASH AND CASH EQUIVALENTS

	2021	2020
	US\$'000	US\$'000
Cash	91	100
Bank accounts	1,826	2,195
	<u>1,917</u>	<u>2,295</u>

Of the amount held, \$23,283,000 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 st January 2021	96	14,830	8,123	1,228	24,277
<u>Surplus for the year</u>					
Income	6,932	-	-	762	7,694
Expenditure	(6,797)	(610)	(214)	(114)	(7,735)
Unrealised foreign exchange	(13)	-	-	-	(13)
	<u>(8)</u>	<u>360</u>	<u>794</u>	<u>(1,146)</u>	<u>-</u>
Transfers					
Carried forward at 31 st December 2021	<u>210</u>	<u>14,580</u>	<u>8,703</u>	<u>730</u>	<u>24,223</u>

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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 \$7,896,000 and \$997,000 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	-	352	(352)	-	-
Purchases	(8)	8	1,146	(1,146)	-
Disposals	-	-	-	-	-
Total Transfers	(8)	360	794	(1,146)	-

11. PROVISIONS

	Balances 1 January 2021	Provided in the year	Utilised in the year	Balances 31 December 2021
	US\$,000	US\$,000	US\$,000	US\$,000
International staff taxes	264	37	-	301
	<u>264</u>	<u>37</u>	<u>-</u>	<u>301</u>

In South Sudan the National Revenue authority issued a notice to say that all international staff would be taxed from the start of 2019. We submitted an application for exemption, but that has not yet been approved. We have therefore provided for \$301,000 based on our estimate of the amounts that would be due on housing and allowances for the staff.

12. CURRENT LIABILITIES

	2021	2020
	US\$,000	US\$,000
Creditors	893	692
Customer deposits and balances	352	318
Accruals	113	91
Social security creditors	98	82
VAT Payable	16	17
Excise taxes	126	394
Income tax	-	20
Other creditors	209	136
	<u>1,807</u>	<u>1,750</u>

All creditors are payable within one year.

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13. DONATION INCOME

	2021	2020
	US\$,000	US\$,000
Contributions for		
Working capital from MAFI - UK	962	3,934
Income for housing international staff	464	417
Restricted donations	762	1,480
Unrestricted donations	2,414	402
	<u>4,602</u>	<u>6,233</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 3rd party customers. In 2021 it was decided to reduce these services to a few charitable 3rd party customers only. In Kenya we rented out office space in the hangar and in Uganda we provided other services such as logistics and renting out parts of our airfield premises.

	2021	2020
	US\$,000	US\$,000
Contributions for		
Aviation services	2,627	1,846
Maintenance services	182	661
Other services	190	50
	<u>2,999</u>	<u>2,557</u>

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:

	2021	2020
	US\$,000	US\$,000
Aviation direct costs	2,597	2,291
Overseas Staff costs	1,555	1,745
Housing and tax for international staff	566	605
Other overhead expenditure	872	719
Depreciation	824	816
	<u>6,414</u>	<u>6,176</u>

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16. MANAGEMENT AND SUPPORT COSTS

Unrestricted general support costs were as follows:

	2021	2020
	US\$,000	US\$,000
Management fees	957	926
Support staff	307	-
Audit fee	38	43
Legal fees	3	3
Other costs	10	1
	<u>1,321</u>	<u>973</u>

Management fees have been calculated at 15% on all the charitable activities in Note 15. Support staff working in the Netherlands were employed by the foundation during the year.

17. RESTRICTED PROJECTS RESERVE

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

	Balances 1 January 2021	Income	Revenue Expenditure	Capital Expenditure	Transfers	Balances 31 December 2021
	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000	US\$,000
Kenya	-	29	-	-	-	29
South Sudan	1,164	589	(95)	(979)	-	679
Tanzania	4	-	(11)	-	7	-
Uganda	60	144	(8)	(166)	(8)	22
	<u>1,228</u>	<u>762</u>	<u>(114)</u>	<u>(1,145)</u>	<u>(1)</u>	<u>730</u>

18. STAFF EXPENDITURE AND STAFF NUMBERS

	East Africa		Netherlands	
	2021	2020	2021	2020
	US\$,000	US\$,000	US\$,000	US\$,000
Staff Costs				
Wages and salaries	1,311	1,525	250	-
Social security costs	120	107	36	-
Pension costs	124	113	16	-
	<u>1,555</u>	<u>1,745</u>	<u>302</u>	<u>-</u>

The pensions of local staff in East Africa can vary per country as they are based on government and sector regulations. In the Netherlands there is a defined contribution scheme defined by Nationale Nederlanden. In each location the Foundation has no obligation to make additional contributions and are recognised as an expense in the period in which the service is rendered.

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The average number of staff employed were as follows:

	2021	2020
East Africa	111	122
Netherlands	4	-
	<u>115</u>	<u>122</u>

The executive director was paid by MAFI UK until 31 March 2021 and then transferred to the foundation's payroll along with other Dutch staff. 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 seconded 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 40.5 (2020 - 41.5)

The estimated costs of these staff, not included in these accounts is \$2,722,000 for the year to 31st December 2021 (2020 - \$2,644,000).

19. FINANCIAL COMMITMENTS

At 31 December 2021 the organisation was committed to making the following payments under non-cancellable operating leases on properties:

	2021	2020
	US\$,000	US\$,000
Payable in 1 year	86	95
Payable in 2 to 5 years	14	10
	<u>100</u>	<u>105</u>

20. CAPITAL COMMITMENTS

At the 31 December 2021, the organisation had total capital commitments of \$440,471. which consisted of two housing projects in South Sudan and the South Sudan Hangar. These are to be completed within 12 months and will be paid for with money raised specifically for their purpose.

21. POST BALANCE SHEET EVENTS

In May 2022 it was agreed to transfer assets and activities of the four East Africa programmes to MAFI-UK from 1st July to continue their operations within that entity. This will enable the legal ownership to more easily reflect the managerial position, and their administrative duties.

Approved and adopted by the Board on 24th May 2022

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 2021 included in the annual accounts

Our opinion

We have audited the financial statements for the year ended 31 December 2021 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 2021, and of its result for the year then ended in accordance with the Guideline for annual reporting 640 "Not-for-profit organizations" of the Dutch Accounting Standards Board (hereinafter: RJ 640).

The financial statements comprise:

1. the balance sheet as at 31 December 2021;
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 contain 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 organizations" 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, 30 May 2022

Mazars N.V.

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