

MISSION AVIATION FELLOWSHIP OF CANADA
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

MISSION AVIATION FELLOWSHIP OF CANADA

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INDEPENDENT AUDITOR'S REPORT

To the Members of: Mission Aviation Fellowship of Canada

Opinion

We have audited the accompanying financial statements of Mission Aviation Fellowship of Canada, which comprise the statement of financial position as at September 30, 2023 and the statements of changes in net assets, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of Mission Aviation Fellowship of Canada as at September 30, 2023 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

Basis of Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Mission Aviation Fellowship of Canada in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not for profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management'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 the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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


Guelph, Ontario

Chartered Professional Accountants
Licensed Public Accountants

MISSION AVIATION FELLOWSHIP OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 1,042,882	\$ 1,207,649
Investments	3,910,951	3,208,872
Accounts receivable	21,025	18,452
HST/GST recoverable	93,851	64,078
Prepaid expenses	131,500	171,854
Due from MAF agencies	<u>138,356</u>	<u>54,531</u>
	5,338,565	4,725,436
REMAINDER TRUST	27,437	27,437
CAPITAL ASSETS (note 4)	<u>5,476,562</u>	<u>5,677,851</u>
	<u>\$ 10,842,564</u>	<u>\$ 10,430,724</u>
LIABILITIES		
CURRENT		
Accounts payable	\$ 162,811	\$ 85,516
Government remittances payable	100,569	66,781
Due to MAF agencies	<u>210,760</u>	<u>104,788</u>
	474,140	257,085
NET ASSETS		
EXTERNALLY RESTRICTED		
Missionary fund	2,872	165,889
Special projects and programs	2,763,389	2,337,253
Capital campaign fund	57,664	0
UNRESTRICTED		
General mission purpose fund	2,067,937	1,992,646
Invested in capital assets	<u>5,476,562</u>	<u>5,677,851</u>
	<u>10,368,424</u>	<u>10,173,639</u>
	<u>\$ 10,842,564</u>	<u>\$ 10,430,724</u>

APPROVED ON BEHALF OF THE BOARD

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MISSION AVIATION FELLOWSHIP OF CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	MISSIONARY FUND	SPECIAL PROJECTS AND PROGRAMS	CAPITAL CAMPAIGN	GENERAL MISSION PURPOSE FUND	INVESTED IN CAPITAL ASSETS	TOTAL 2023	TOTAL 2022
	(Externally Restricted)	(Externally Restricted)	(Externally Restricted)	(Unrestricted)	(Unrestricted)		
BALANCE, beginning of year	\$ 165,889	\$ 2,337,253	\$ 0	\$ 1,992,646	\$ 5,677,851	\$10,173,639	\$ 7,827,475
REVENUES							
Contributions	3,437,716	2,157,466	97,786	3,048,329	0	8,741,297	7,031,014
Non-receipted income and interest	759,792	83,877	0	240,468	0	1,084,137	1,386,987
Gifts in kind (note 5)	0	0	0	19,269	0	19,269	1,954,665
	<u>4,197,508</u>	<u>2,241,343</u>	<u>97,786</u>	<u>3,308,066</u>	<u>0</u>	<u>9,844,703</u>	<u>10,372,666</u>
EXPENSES	<u>4,272,475</u>	<u>1,133,625</u>	<u>28,388</u>	<u>3,889,953</u>	<u>0</u>	<u>9,324,441</u>	<u>8,188,535</u>
(DEFICIT) SURPLUS FROM OPERATIONS BEFORE OTHER ITEMS	<u>(74,967)</u>	<u>1,107,718</u>	<u>69,398</u>	<u>(581,887)</u>	<u>0</u>	<u>520,262</u>	<u>2,184,131</u>
OTHER ITEMS							
Invested in capital assets	0	0	0	(222,183)	222,183	0	0
Aircraft amortization	0	0	0	0	(289,316)	(289,316)	(191,097)
Gain on disposal of capital assets	0	0	0	0	0	0	269,621
(Loss) gain on exchange and investments	0	0	0	(36,161)	0	(36,161)	83,509
	<u>0</u>	<u>0</u>	<u>0</u>	<u>(258,344)</u>	<u>(67,133)</u>	<u>(325,477)</u>	<u>162,033</u>
NET (DEFICIT) SURPLUS for the year	<u>(74,967)</u>	<u>1,107,718</u>	<u>69,398</u>	<u>(840,231)</u>	<u>(67,133)</u>	<u>194,785</u>	<u>2,346,164</u>
TRANSFERS							
Other amortization	0	0	0	134,156	(134,156)	0	0
Recovery of administration (note 2(d))	(458,193)	(130,909)	(11,734)	600,836	0	0	0
Reimbursement for assets	0	(180,530)	0	180,530	0	0	0
Recovery of missionary fund shortages	370,143	(370,143)	0	0	0	0	0
	<u>(88,050)</u>	<u>(681,582)</u>	<u>(11,734)</u>	<u>915,522</u>	<u>(134,156)</u>	<u>0</u>	<u>0</u>
BALANCE, end of year	<u>\$ 2,872</u>	<u>\$ 2,763,389</u>	<u>\$ 57,664</u>	<u>\$ 2,067,937</u>	<u>\$ 5,476,562</u>	<u>\$10,368,424</u>	<u>\$10,173,639</u>

See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
REVENUES		
Donations		
Missionary support	\$ 3,437,716	\$ 3,910,186
Special projects and programs	2,157,466	506,201
Capital campaign	97,786	470,844
General missions	3,048,329	2,143,783
Gifts in kind (note 5)	<u>19,269</u>	<u>1,954,665</u>
	8,760,566	8,985,679
Program fees	24,003	30,000
Interest	196,237	12,125
Other revenue and non-receipted donations	<u>863,897</u>	<u>1,344,862</u>
	<u>9,844,703</u>	<u>10,372,666</u>
EXPENDITURES		
Missionary support	4,272,475	4,139,269
Special projects and programs	1,133,625	947,614
Capital campaign fundraising costs	28,388	44,107
Development, international operations and recruitment	1,251,874	1,025,498
General administration	1,110,447	1,093,300
Fundraising costs	<u>1,527,632</u>	<u>938,747</u>
	<u>9,324,441</u>	<u>8,188,535</u>
SURPLUS FROM OPERATIONS	<u>520,262</u>	<u>2,184,131</u>
OTHER		
Aircraft amortization	(289,316)	(191,097)
Gain on disposal of capital assets	0	269,621
(Loss) gain on exchange and investments	<u>(36,161)</u>	<u>83,509</u>
	<u>(325,477)</u>	<u>162,033</u>
NET SURPLUS FOR THE YEAR	194,785	2,346,164
NET ASSETS, beginning of year	<u>10,173,639</u>	<u>7,827,475</u>
NET ASSETS, end of year	<u>\$ 10,368,424</u>	<u>\$ 10,173,639</u>

MISSION AVIATION FELLOWSHIP OF CANADA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net surplus for the year	\$ 194,785	\$ 2,346,164
Items not requiring an outlay of cash		
Amortization	423,472	332,511
Gain (loss) on disposal of capital assets	<u>0</u>	<u>(269,621)</u>
	618,257	2,409,054
Changes in non-cash working capital		
Accounts receivable	(2,573)	7,890
HST/GST recoverable	(29,773)	(959)
Prepaid expenses	40,354	(51,266)
Due from MAF agencies	(83,825)	203,705
Accounts payable	77,295	21,699
Due to MAF agencies	105,972	(34,555)
Government remittances payable	<u>33,788</u>	<u>(18,928)</u>
	<u>759,495</u>	<u>2,536,640</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets net of disposals	(222,183)	(1,864,844)
Investments	(702,079)	(781,655)
Proceeds to program reserves	<u>0</u>	<u>628,288</u>
	<u>(924,262)</u>	<u>(2,018,211)</u>
NET (DECREASE) INCREASE IN CASH	(164,767)	518,429
NET CASH, BEGINNING OF YEAR	<u>1,207,649</u>	<u>689,220</u>
NET CASH, END OF YEAR	<u>\$ 1,042,882</u>	<u>\$ 1,207,649</u>

MISSION AVIATION FELLOWSHIP OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. PURPOSE OF THE ORGANIZATION

Mission Aviation Fellowship (MAF) of Canada is a national corporation providing aviation and communications service to local churches, missions and non-government organizations in developing countries of the world. MAF was incorporated on March 12, 1973 without share capital under the Canada Corporations Act and continued under the Canada Not-for-profit Corporations Act effective May 23, 2014. The organization is a registered charity effective, April 4, 1973 and, as such, is exempt from Canadian income taxes under the Income Tax Act. MAF is able to issue donation receipts for income tax purposes under registration number 129942561. In order to maintain its status as a registered charity, MAF must meet certain requirements within the Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The organization follows the restricted fund method of accounting for contributions in which externally restricted contributions are recognized upon receipt in the appropriate fund corresponding to the purpose for which they were contributed. Externally restricted contributions of the unrestricted general mission purpose fund are recognized as revenue when the related expenditure occurs. Unrestricted contributions are recognized in the unrestricted general mission purpose fund when received or receivable and collection is reasonably assured.

Interest income is recognized in the period the related investment accrues interest and other revenue is recognized when earned and collection is reasonably assured.

The organization leases aircraft under operating lease agreements. Revenue generated from the operating lease of the aircraft is determined quarterly and recognized based on the actual flight hours incurred over the period.

(b) FUND ACCOUNTING

The organization has the following funds:

Unrestricted general mission purpose fund

The unrestricted general mission purpose fund reports resources available for the organization's general operating activities.

Externally restricted missionary fund

This pooled missionary fund reports resources that are to be expended on the support of missionaries. This fund is externally restricted.

Externally restricted special projects and programs

The special projects and programs fund reports contributions that are to be expended on projects and programs, as directed by the donors, and they have been set up by the Mission Aviation Fellowship of Canada board and management. This fund is externally restricted.

Externally restricted capital campaign fund

The capital campaign fund reports contributions that are to be expended on the purchase of new aircraft. This fund is externally restricted.

MISSION AVIATION FELLOWSHIP OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) REMAINDER TRUST

The organization accounts for its remainder trust at management's best estimate of the present value of future cash flows.

(d) INTERFUND TRANSFERS

Restricted funds make transfers to the unrestricted general mission fund based on a set formula and can be adjusted at the Board of Director's discretion.

(e) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life using the following methods and rates:

Office equipment	- 4 years straight line basis
Computer	- 3 years straight line basis
Vehicle	- 3 years straight line basis
Aircraft	- 20 years straight line basis
Leasehold improvements	- 10 years straight line basis
Applications	- 3 years straight line basis
Aircraft and equipment held for leasing purposes	- 20 years straight line basis

Amortization is recorded at 50% of the above rates in the year of addition provided the capital asset is put into use.

(f) USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring the use of estimates relate to the useful life of capital assets, the valuation of the remainder trust and the valuation of prepaid expenses. Actual results could differ from those estimates.

MISSION AVIATION FELLOWSHIP OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) **FINANCIAL INSTRUMENTS**

The organization initially measures its financial assets and liabilities at fair value.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, unless otherwise noted below.

Impairment

For financial assets measured at cost or amortized cost, the organization determines whether there are indications of possible impairment. When there are, and the organization determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in income. If the indicators of impairment have decreased or no longer exist, the previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may be no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

Transaction costs

Transaction costs attributable to financial instruments subsequently measured at fair value are recognized in income in the period incurred. Transaction costs related to financial instruments originated or exchanged in an arm's length transaction that are subsequently measured at cost or amortized cost are recognized in the original cost of the instrument. When the instrument is measured at amortized cost, transaction costs are recognized in income over the life of the instrument using the straight-line method.

(h) **CONTRIBUTED SERVICES AND IN KIND DONATIONS**

During the year, a number of organizations and individuals may donate materials to the organization and a number of volunteers may contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed services are not recorded in the financial statements.

Contributed assets and materials used in the normal course of operations, are recognized in the financial statements as gifts in kind when the fair value can be reasonably estimated.

(i) **IMPAIRMENT OF LONG LIVED ASSETS**

Long lived assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. The amount of the impairment loss is determined as the excess of the carrying value of the asset over its fair value.

(j) **FOREIGN OPERATIONS, ASSETS AND MEASUREMENT UNCERTAINTY**

The organization follows the policy of expensing all costs for overseas operations (other than aircraft) and expensing property and equipment through special projects and programs expenditures, unless these amounts represent advances which are to be repaid. This policy is based upon the practice that such assets, while generally deployable under the direction of the organization, are not always accessible for redeployment due to foreign property titling regulations, international fund transfer and foreign currency and exchange limitations. Accordingly, these assets and operations are not included in the financial statements.

MISSION AVIATION FELLOWSHIP OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

3. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from its financial instruments.

The extent of the organization's exposure to these risks did not change in 2023 compared to the previous period.

The organization does not have a significant exposure to any individual customer or counterpart.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price. The organization meets its liquidity risk by preparing and monitoring operational budgets and cash flows, and holding assets that can be readily converted to cash.

Market risk

Market risk is the risk that the fair value or future cash flows of the company's financial instruments will fluctuate because of changes in market prices. Some of the company's financial instruments expose it to this risk, which comprises currency risk, interest rate risk and other price risk.

Currency risk

The currency risk refers to the risk that the fair value of the financial instruments or future cash flows associated with them will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. The organization is exposed to United States currency rate risk on foreign cash account balances in the amount of \$198,428 (2022 - \$556,706), their investments in the amount of \$283,506 (2022 - \$276,359), and on their due from (to) MAF agencies in the amount of \$62,905 (2022 - \$(11,973)), denominated in Canadian dollars.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Office equipment	\$ 154,196	\$ 145,098	\$ 9,098	\$ 25,532
Computer	207,996	147,768	60,228	68,266
Vehicle	79,508	79,508	0	0
Aircraft	3,670,715	621,387	3,049,328	3,223,488
Leasehold improvements	564,149	228,676	335,473	367,410
Applications	90,158	14,876	75,282	50,528
Aircraft and equipment held for leasing purposes	<u>2,303,076</u>	<u>355,923</u>	<u>1,947,153</u>	<u>1,942,627</u>
	<u>\$ 7,069,798</u>	<u>\$ 1,593,236</u>	<u>\$ 5,476,562</u>	<u>\$ 5,677,851</u>

MISSION AVIATION FELLOWSHIP OF CANADA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

5. GIFTS IN KIND

During the year, the following gifts in kind were received:

	2023	2022
Shares of publicly traded companies	\$ 19,269	\$ 1,954,625
Non shares	<u>0</u>	<u>40</u>
	<u>\$ 19,269</u>	<u>\$ 1,954,665</u>

The fair value of the contributed assets was recorded in the financial statements of the organization as gifts in kind.

6. BANK INDEBTEDNESS

The organization has utilized \$57,278 (2022 - \$0) of an authorized credit card with a limit up to a maximum of \$200,000 and has utilized \$0 (2022 - \$0) of an authorized non-revolving lease facility by way of leases for an aircraft purchase with a limit up to a maximum of \$1,500,000. The non-revolving lease bears no interest on the Canadian dollar account. The non-revolving lease is secured by a general security agreement. The company anticipates it will not utilize the non-revolving lease in 2024. No conditions regarding this loan have been breached at year end and no accrued interest relating to this loan is owing.

7. COMMITMENTS

The organization has various operating leases with annual payments as follows:

2024	\$ 125,147
2025	110,680
2026	<u>63,068</u>
	<u>\$ 298,895</u>