MISSION AVIATION FELLOWSHIP OF CANADA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

MISSION AVIATION FELLOWSHIP OF CANADA

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YEAR ENDED SEPTEMBER 30, 2015

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rlb LLP

Chartered Accountants
and Business Advisors

People Count.

INDEPENDENT AUDITOR'S REPORT

To the members of: Mission Aviation Fellowship of Canada

We have audited the accompanying financial statements of Mission Aviation Fellowship of Canada, which comprise the statement of financial position as at September 30, 2015 and the statements of operations and changes in net assets, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion
In common with many not for profits organizations, the organization derives some revenue from the general public in the form of donations, fundraising activities, and other revenues, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the years ended September 30, 2015 and 2014, current assets as at September 30, 2015 and 2014, and net assets as at October 1 and September 30 for both the 2015 and 2014 years. Our audit opinion on the financial statements for the year ended September 30, 2014 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Mission Aviation Fellowship of Canada as at September 30, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

RLB LLP

Guelph, Ontario
February 18, 2016

Chartered Professional Accountants
Licensed Public Accountants

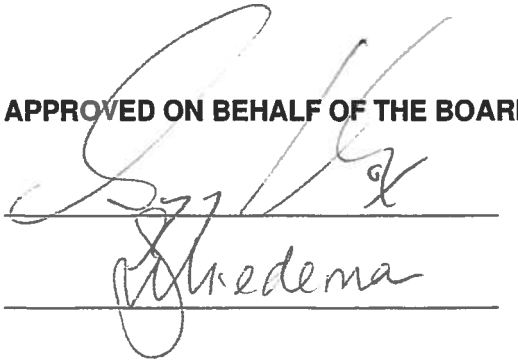
MISSION AVIATION FELLOWSHIP OF CANADA

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	$ 355,988	$ 917,765
Investments	242,677	182,850
Accounts receivable	20,657	16,835
Prepaid expenses	184,911	105,461
Due from MAF agencies	241,150	202,620
	1,045,383	1,425,531
REMAINDER TRUST	27,437	26,131
CAPITAL ASSETS (notes 4 and 5)	1,387,587	1,432,294
CAPITAL ASSET NOT IN USE (note 7)	1,500,000	1,500,000
	$ 3,960,407	$ 4,383,956
LIABILITIES		
CURRENT		
Accounts payable	$ 112,975	$ 98,065
Government remittances payable	28,306	4,148
Due to MAF agencies	181,882	654,628
	323,163	756,841
NET ASSETS		
EXTERNALLY RESTRICTED		
Missionary fund	21,277	6,096
Special projects and programs	204,081	179,373
INTERNALLY RESTRICTED DENTAL FUND	35,414	24,532
UNRESTRICTED		
General mission purpose fund	488,885	484,821
Invested in capital assets	2,887,587	2,932,293
	3,637,244	3,627,115
	$ 3,960,407	$ 4,383,956

APPROVED ON BEHALF OF THE BOARD



See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	EXTERNALLY RESTRICTED MISSIONARY FUND	EXTERNALLY RESTRICTED SPECIAL PROJECTS AND PROGRAMS	INTERNALLY RESTRICTED DENTAL FUND	UNRESTRICTED GENERAL MISSION PURPOSE FUND	UNRESTRICTED INVESTED IN CAPITAL ASSETS	TOTAL 2015	TOTAL 2014
BALANCE, beginning of year	$ 6,096	$ 179,373	$ 24,532	$ 484,821	$ 2,932,293	$ 3,627,115	$ 2,099,289
REVENUES							
Contributions	3,742,741	1,215,264	0	1,086,421	0	6,044,426	7,528,130
Non-receipted income and interest	792,538	62,563	0	38,540	0	893,641	824,532
	4,535,279	1,277,827	0	1,124,961	0	6,938,067	8,352,662
EXPENSES	4,096,217	987,120	62,459	1,726,053	0	6,871,849	6,825,468
EXCESS (DEFICIENCY) BEFORE OTHER ITEMS	439,062	290,707	(62,459)	(601,092)	0	66,218	1,527,194
OTHER ITEMS							
PREMIUM TRANSFERS	0	0	73,341	0	0	73,341	72,908
AMORTIZATION	0	0	0	0	(62,085)	(62,085)	(73,768)
LOSS ON DISPOSAL OF CAPITAL ASSETS	0	0	0	0	0	0	(5,494)
(LOSS) GAIN ON EXCHANGE AND INVESTMENTS (note 3)	0	0	0	(67,345)	0	(67,345)	6,986
	0	0	73,341	(67,345)	(62,085)	(56,089)	632
NET SURPLUS (DEFICIT) for the year	439,062	290,707	10,882	(668,437)	(62,085)	10,129	1,527,826
TRANSFERS BETWEEN ACCOUNTS (note 2 (d))	(423,881)	(265,999)	0	672,501	17,379	0	0
BALANCE, end of year	$ 21,277	$ 204,081	$ 35,414	$ 488,885	$ 2,887,587	$ 3,637,244	$ 3,627,115

See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
REVENUES		
Donations		
Missionary support	$ 3,742,741	$ 3,744,537
Special projects and programs	1,277,827	2,008,488
Capital campaign	0	2,300
General missions	1,056,364	882,587
Gifts in kind (note 5)	30,057	958,070
	6,106,989	7,595,982
Program fees	6,103	13,031
Interest	1,328	1,804
Other revenue and non-receipted donations	823,647	741,845
	6,938,067	8,352,662
EXPENDITURES		
Missionary support	4,096,217	4,205,913
Special projects and programs	987,120	887,780
Capital campaign fundraising costs	0	33,587
Dental costs	62,459	66,349
Development, international operations and recruitment (schedule 1)	371,092	227,871
General administration (schedule 2)	718,174	617,623
Fundraising costs (schedule 3)	636,787	786,345
	6,871,849	6,825,468
SURPLUS FROM OPERATIONS	66,218	1,527,194
OTHER		
Amortization	(62,085)	(73,768)
Premium transfers	73,341	72,908
Loss on disposal of fixed assets	0	(5,494)
(Loss) gain on exchange and investments	(67,345)	6,986
	(56,089)	632
SURPLUS FOR THE YEAR	10,129	1,527,826
NET ASSETS, beginning of year	3,627,115	2,099,289
NET ASSETS, end of year	$ 3,637,244	$ 3,627,115

See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Net surplus for the year	$ 10,129	$ 1,527,826
Items not requiring an outlay of cash		
Amortization	89,150	108,024
Loss on disposal of capital assets	0	5,494
Remainder trust	(1,306)	(878)
	97,973	1,640,466
Changes in non-cash working capital		
Investments	(59,827)	(43,521)
Accounts receivable	(3,822)	15,448
Government remittances payable	24,158	4,217
Prepaid expenses	(79,450)	(30,707)
Due from MAF agencies	(38,530)	(16,344)
Accounts payable	14,910	31,080
Due to MAF agencies	(472,746)	495,257
	(517,334)	2,095,896
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to capital assets	(44,443)	(1,853,303)
Proceeds on disposal of capital assets	0	382,973
	(44,443)	(1,470,330)
NET (DECREASE) INCREASE IN CASH	(561,777)	625,566
NET CASH, BEGINNING OF YEAR	917,765	292,199
NET CASH, END OF YEAR	$ 355,988	$ 917,765

See notes to the financial statements

1. PURPOSE OF THE ORGANIZATION

Mission Aviation Fellowship 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. It is also a registered charitable organization and, as such, is exempt from income taxes under provisions of the Income Tax 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) FUND ACCOUNTING

The organization follows the restricted fund method of accounting for contributions.

Unrestricted general purpose mission 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. The fund currently has a nil balance.

Internally restricted dental fund
The dental fund reports resources that are to be expended on medical expenses of mission staff. This fund is internally restricted.

(b) 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 are recognized when earned and collection is reasonably assured.

(c) REMAINDER TRUST

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) INTERFUND TRANSFERS

Premium transfers are made between Restricted Funds to record allocations from Missionary Support to Dental Fund. Restricted Funds make transfers to the Unrestricted General Missions based on a set formula and can be reduced 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:

Building	- 5 % declining balance basis
Office equipment	- 25 % declining balance basis
Computer	- 33 1/3 % declining balance basis
Film and photographic equipment	- 20 % declining balance basis
Vehicle	- 30 % declining balance basis
Aircraft	- 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) INVESTMENT IN KODIAK AIRCRAFT

The organization has invested in a kodiak aircraft, which is recorded at cost.

(g) 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.

(h) FINANCIAL INSTRUMENTS

Measurement of financial instruments
The organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net surplus.

Financial assets measured at amortized cost include cash, accounts receivable, remainder trust, and due from MAF agencies.

Financial liabilities measured at amortized cost include the accounts payable and due to MAF agencies.

The organization's financial assets measured at fair value consist of investments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) FINANCIAL INSTRUMENTS (continued)

Impairment
Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is 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 net surplus.

Transaction costs
The organization recognizes its transaction costs in net surplus in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(i) 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.

(j) 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.

(k) 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.

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 their financial instruments.

The extent of the organization's exposure to these risks did not change in 2015 compared to the previous period.

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

Currency risk
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 dollar foreign exchange rate risk on their cash in the amount of $55,562 (2014 - $227,057).

The organization is exposed to foreign exchange rate risk on their due from (to) MAF agencies, in the following amounts:

	2015	2014
United States dollar	$ (181,882)	$ (654,628)
UK pound sterling	£ 0	£ 2,082

Liquidity risk
Liquidity risk is the risk that the organization will not be able to meet 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 requirements by preparing and monitoring operational budgets and cash flows, and holding assets that can be readily converted to cash.

4. CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2015	Net 2014
Building	$ 337,717	$ 210,567	$ 127,150	$ 120,828
Office equipment	53,235	31,466	21,769	14,183
Computer	73,315	46,518	26,797	36,972
Film and photographic equipment	3,128	2,168	960	1,200
Land	33,511	0	33,511	33,511
Vehicle	19,750	13,738	6,012	8,589
Aircraft	2,593,086	1,421,698	1,171,388	1,217,011
	$ 3,113,742	$ 1,726,155	$ 1,387,587	$ 1,432,294

5. CONTRIBUTED ASSETS

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

	2015	2014
Shares of publicly traded companies	$ 26,061	$ 708,606
Aircraft	0	249,464
Silent auction miscellaneous items	3,996	0
	$ 30,057	$ 958,070

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

6. COMMITMENTS

The organization has various operating leases as follows:

2016	$ 15,770
2017	15,770
2018	15,770
2019	15,770
2020	15,770
Thereafter	6,505
	$ 85,355

7. CAPITAL ASSET NOT IN USE

The organization has an ownership stake of $1,500,000 with respect to the purchase of a new Kodiak aircraft in 2014. The aircraft was not in use in 2015 and therefore not amortized.

8. COMPARATIVE FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.

9. WINGS TO NORTHERN CANADA

In prior years, Mission Aviation Fellowship of Canada (MAFC) has supported the Northern Canada project. Based on the needs of Northern Canada, MAFC incorporated a not for profit organization in 2010, which it controls, called Wings to Northern Canada Organization (WTNC). WTNC has a mandate to provide air transportation to social service agencies that are members of the organization. WTNC operations were finished by May 2014 and the organization was fully wound up in early fiscal 2015. There were no assets and liabilities or revenues and expenses in fiscal 2015.

9. WINGS TO NORTHERN CANADA (continued)

During the current and prior fiscal year, there were no assets, liabilities or net assets in WTNC. The Results of Operations and Cash Flows are as follows:

Results of Operations

	2015	2014
Total revenues	$ 0	$ 6,562
Total expenses	0	(6,562)
Excess of revenues over expenses	$ 0	$ 0

Cash Flows

	2015	2014
Cash used in operations	$ 0	$ (11,559)
Cash provided by financing and investing activities	0	0
Increase (decrease) in cash	$ 0	$ (11,559)

MISSION AVIATION FELLOWSHIP OF CANADA

SCHEDULE OF EXPENDITURES - DEVELOPMENT, INTERNATIONAL OPERATIONS AND RECRUITMENT *(Schedule 1)*

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
Conference and special events	$ 789	$ 855
Consulting and counselling	0	6,256
Insurance	4,417	0
Library resources	0	222
Office supplies	405	1,779
Payroll and benefits	310,682	184,576
Phone	2,684	2,581
Postage and courier	617	518
Printing and stationery	617	1,329
Promotional materials	1,327	1,449
Public relations	1,104	3,274
Subscriptions, memberships and library	1,446	1,164
Technical evaluations	5,353	2,982
Training	3,953	17,925
Travel	37,497	2,961
Vehicle	201	0
	$ 371,092	$ 227,871

See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA

SCHEDULE OF EXPENDITURES - GENERAL ADMINISTRATION *(Schedule 2)*

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
Advertising	$ 917	$ 0
Amortization	27,065	34,255
Audio visual resource	252	0
Audit and legal	14,791	15,328
Board meetings	34,311	41,042
Conference and special events	227	125
Consulting	18,467	19,030
Contributions - CCCC	200	700
Electronic mail	10,637	4,052
Executive search committee	33,017	0
General office	16,179	14,292
Insurance	11,348	20,502
MAF International	1,259	0
Non cash donation	2,689	1,378
Office equipment repair and maintenance	43,069	39,759
Payroll and benefits	343,363	255,165
Phone	8,837	9,522
Postage and courier	22,781	18,278
Printing and stationery	12,717	9,144
Promotional materials	2,438	1,688
Property and rentals	33,242	32,704
Public relations	4,322	4,027
Service charges	43,658	46,478
Subscriptions, memberships and library	8,953	6,714
Travel	20,331	39,274
Training	2,231	4,166
Vehicle	873	0
	$ 718,174	$ 617,623

See notes to the financial statements

MISSION AVIATION FELLOWSHIP OF CANADA

SCHEDULE OF EXPENDITURES - FUNDRAISING COSTS *(Schedule 3)*

FOR THE YEAR ENDED SEPTEMBER 30, 2015

	2015	2014
Advertising	$ 5,437	$ 4,883
Audio visual resource	739	0
Conference and special events	5,787	9,300
Consulting	10,651	117,556
Electronic mail	426	332
General office	4,457	2,896
Payroll and benefits	450,244	497,528
Phone	3,955	2,576
Postage and courier	43,640	36,524
Printing and stationery	53,391	62,286
Promotional materials	13,496	20,759
Public relations	932	400
Subscriptions, memberships and library	1,536	1,341
Travel	40,979	28,121
Training	1,117	1,843
	$ 636,787	$ 786,345

See notes to the financial statements