

# AIR serv

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## INTERNATIONAL



# ANNUAL REPORT 2004



What a year this has been! We began 2004 marking the 20th anniversary of Air Serv International and ended the year responding to a disaster of historic proportions—the Southeast Asia tsunami. In between, our Rapid Response Team flew emergency aid to those affected by the series of hurricanes that blew through the Caribbean, and we continued our humanitarian work in Africa and the Middle East.

This was a year of outward growth, both financially, as you will see in this annual report, and in terms of the number of our programs. But it was also a year of introspection as we looked carefully at our organization, reviewed our capacity, and took the time to develop a strategic plan that will guide us through the coming years.

Quite obviously our growth gives us an increased ability to respond quickly to those in need, but it also gives all of us at Air Serv great satisfaction in knowing that we are making a difference in the world.

Stuart Willcuts  
CEO and President  
Air Serv International

## Our Programs

### In the Democratic Republic of Congo:

With an estimated 300,000 refugees and 2.3 million internally displaced people forced from their homes as a result of armed conflict, systematic killings and human rights atrocities over the last decade, the emergency in the Democratic Republic of the Congo (DRC) is on a scale matched only by Sudan.

According to the 2004 mortality survey conducted by the International Rescue Committee, between January 2003 and April 2004 more than 1,000 people died every day, and almost half of the casualties were children under 5 years old. Approximately 98 percent of these deaths were caused by disease and malnutrition, results of a war that destroyed much of the health care system and economy. By the end of 2004, the death toll from the conflict had reached 3.8 million.

Forty humanitarian agencies, including the U.N. and donor governments, relied on Air Serv in 2004 to provide safe access to remote villages and to fly emergency medical and security evacuations. In this massive country, Air Serv used two Caravans under a grant from the U.S.

## Our Values

Air Serv International is a nonprofit humanitarian organization that uses aircraft to fly relief workers and supplies to help victims of disasters in some of the most desperate situations in the world. We fly where other air carriers cannot—or will not—fly.

### **We are making a difference in the world.**

Whenever a disaster strikes, Air Serv is on the scene with its agile single- and twin-engine airplanes and helicopters. Air Serv works with nearly 100 humanitarian organizations from around the world, and together we dedicate our skills to helping those in need.



***Air Serv's hangar at Entebbe International Airport in Uganda gives our aircraft in Africa quick access to maintenance support.***

Agency for International Development (USAID). A Cessna Caravan 208 was under contract to MSF (Doctors Without Borders) based at Mbandaka. Another Cessna Caravan 208 and a King Air were under contract with the United Nations High Commissioner for Refugees based in Kinshasa and served western DRC.

Air Serv's newest program in DRC supports the Congo Basin Initiative project, a two-year program concentrating on environmental efforts to preserve the rain forest. It is based in Kinshasa and

Kisangani with one Cessna Caravan 208B and one King Air 200.

### **In Mozambique:**

Air Serv has provided aviation services for relief and development operations in Mozambique since 1985. We have been there through the years helping respond to massive flooding caused by torrential rains and cyclones. In 2004, we flew a Cessna Caravan C-208 and a Cessna C-206 based in Beira and an E-90 in Maputo. Flights primarily support agricul-

### **We are motivated by a desire to serve.**

Working for Air Serv is a uniquely rewarding experience. You'll often hear our staff describe their experiences as "life changing." Helping others through aviation puts us in the trenches with fellow humanitarians from Doctors Without Borders, the U.N., Save the Children, the Red Cross, World Vision and many other organizations.

**We are trusted.** Humanitarian aid workers say they fly Air Serv or they won't fly at all. Our reputation as a trusted member of the humanitarian community and our adherence to remaining staunchly neutral in the face of conflict means that our passengers can travel more freely and with confidence.

**We are committed to safety.** Despite serving rugged and undeveloped areas, we have an outstanding record of safely flying humanitarian workers into and out of the difficult places to which they need to travel.

**We are experts.** Since 1984, Air Serv International has excelled in using aircraft for rapid response, emergency relief and delivery of humanitarian aid. We are dedicated to the highest standards of performance, reliability and professionalism in all we do.

tural, medical and educational development projects grant funded by the U.S. Agency for International Development (USAID).

### **In Afghanistan:**

Prior to the Sept. 11, 2001 terrorist attacks, Air Serv was poised to begin flights into Afghanistan to support humanitarian projects throughout the country. The ensuing combat operations delayed our startup until March 2002. The road connecting the Afghan capital, Kabul, with the country's second largest city, Kandahar, was marred with broken sections of bombed-out concrete and destroyed bridges and was laden with land mines. Air Serv is now using a Cessna 208B to fly development engineers to the area to help rebuild roads to Kandahar and to other towns.

We used three King Air 200s to fly humanitarian aid workers in 2004 with funding from the European Commission's humanitarian aid department (ECHO); this program brought in record numbers of passengers.

Two additional King Air 200s provided flights to assist the United Nations Office for Project Services (UNOPS).

### **In Chad:**

For months, marauding militia groups have driven Darfur villagers from their homes, stealing their cattle, destroying wells and burning buildings. The threat of violence continued this year, and more than 250,000 villagers who were afraid to return home fled across the border into Chad.

Given the vast area to cover, the insecurity and a dilapidated infrastructure, most areas in the east and south were not accessible by road, thus making Air Serv's flights even more crucial. In early 2004, Air Serv opened its operations serving humanitarian organizations involved in assisting the refugees. We flew aid workers and life-saving supplies to refugee camps using our Twin Otter and King Air 200, eventually upgrading our capability with a Beechcraft 1900D. The planes were also used for security and medical evacuations.

### **In Iraq:**

Air Serv began humanitarian flight operations into Iraq in May 2003 under a grant from the Office of Foreign Disaster Assistance. Aircraft used in 2004 included two Beechcraft 1900Ds and an Embraer EMB 120 RT. Air Serv transported aid workers and supplies from Amman, Jordan, to Baghdad, Erbil and Basrah, and provided critical medevac services for people in need of emergency health care.

### **In Uganda:**

The instability in the regions of East Africa and the Great Lakes requires significant humanitarian support. We established Air Serv Limited in 1998 at Entebbe International Airport to provide a maintenance support center for our aircraft fleet as well as to meet the humanitarian flight needs in the region. We constructed a modern 25,000-square-foot hangar and maintenance-support facility, Hangar One, on 10 acres to serve the needs of our Africa fleet of aircraft. ASL uses its assigned aircraft, two Cessna Caravans, to conduct flight operations throughout the region. We have obtained a license to maintain South African-

registered aircraft in addition to U.S. and Ugandan aircraft.

### **In the Caribbean:**

The 2004 Atlantic hurricane season was notable as one of the deadliest and costliest on record. The most momentous storms included Jeanne, which ravaged Haiti, killing approximately 3,000 people, and Ivan, which raged through Grenada, Jamaica and the Cayman Islands before striking the United States Gulf Coast. Hurricane Frances as well as Jeanne hit the Bahamas at full force. Damage was catastrophic, but Air Serv's early response flew in teams of relief workers only hours after the hurricanes passed through. The project was funded by the U.S. Office of Foreign Disaster Assistance and was completed in December 2004.

In March, Haiti's political situation became unstable and interrupted the ability of the humanitarian community to deliver medical services. Most of Haiti is reliant on this assistance. Air Serv flew United States government disaster response teams throughout the country until the political situation became safer.

*Children in Chad find a cool place in the shadow cast by the wing of Air Serv's plane.*



## Consolidated Financial Statement for the year ended Dec. 31, 2004

### ASSETS

<b>Current Assets</b>	<b>2004</b>	<b>2003</b>
Cash and cash equivalents	\$3,690,614	\$1,250,612
Investments	217,812	208,758
Accounts receivable	1,455,871	3,312,630
Grants receivable	4,352,579	1,186,113
Inventories	526,189	487,556
Prepaid and other expenses	510,518	259,495
Total current assets	<u>10,753,583</u>	<u>6,705,164</u>
<b>Property and Equipment</b>		
Property and equipment	<u>\$6,082,472</u>	<u>5,102,810</u>
<b>Other Assets</b>		
Deposit on Kodiak aircraft	<u>1,738,141</u>	<u>1,668,141</u>
<b>Total Assets</b>	<b><u>\$18,574,196</u></b>	<b><u>13,476,115</u></b>

### LIABILITIES AND NET ASSETS

<b>Current Liabilities</b>		
Current portion of long-term debt	\$ 241,310	133,422
Line of credit	700,000	100,000
Accounts payable and accrued expenses	1,572,729	1,042,552
Current portion of reserve for aircraft overhauls	867,837	1,151,000
Refundable advances	1,271,706	242,343
Deferred revenue	156,200	100,000
Total current liabilities	<u>\$4,809,782</u>	<u>2,769,317</u>
<b>Long-Term Liabilities</b>		
Long-term debt	\$1,013,551	28,328
Reserve for aircraft overhauls	927,910	528,567
Total long-term liabilities	<u>\$1,941,461</u>	<u>556,895</u>
Total liabilities	<u>\$6,751,243</u>	<u>3,326,212</u>
<b>Net Assets</b>		
Unrestricted:		
Program designated	\$5,644,130	\$2,800,783
Undesignated	4,440,641	5,670,938
Total unrestricted	<u>\$10,084,771</u>	<u>\$8,471,721</u>
Temporarily restricted	<u>\$1,738,182</u>	<u>\$1,678,182</u>
Total net assets	<u>\$11,822,953</u>	<u>\$10,149,903</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$18,574,196</u></b>	<b><u>\$13,476,115</u></b>



## Our Leaders

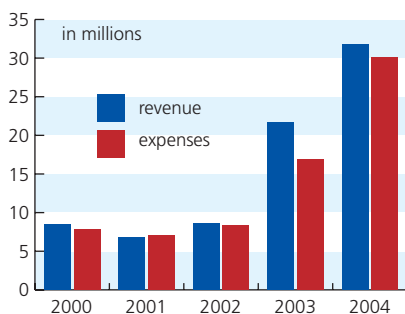
### Board of Directors

Jim Mitchell, chairman  
 Mark E. Howard, secretary  
 Michael A. Stoltzfus, treasurer  
 Mark J. Abbott  
 Roger Moberg  
 Richard Perry  
 Jeff Thindwa  
 Stuart Willcuts

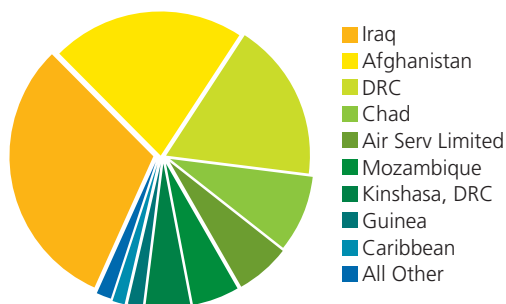
### Senior Staff

Stuart Willcuts, President/CEO  
 David Gribble, CFO  
 Don Cressman, Vice President of  
 International Flight Operations  
 Dolores Weis, Vice President of  
 Administration and Support Services

### Air Serv Revenue and Expenses



### Air Serv 2004 Expenses by Program



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