

HEART FOR AFRICA (CANADA)
FINANCIAL STATEMENTS
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Heart for Africa (Canada)**

Opinion

We have audited the accompanying financial statements of Heart for Africa (Canada) (the "Organization") which comprise the statement of financial position as at December 31, 2025 and the statement of operations, statement of changes in unrestricted net assets and the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2025, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for 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 on our report. We are independent of the Organization 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 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.

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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 the 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.



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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.

Segal GCSE LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 16, 2026

HEART FOR AFRICA (CANADA)

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025**

	2025	2024
ASSETS		
Current		
Cash	\$ 450,850	\$ 409,245
Accounts receivable	<u>36,440</u>	<u>185</u>
	487,290	409,430
Intangible asset, note 3	<u>1,654</u>	<u>3,307</u>
	<u><u>\$ 488,944</u></u>	<u><u>\$ 412,737</u></u>
LIABILITIES		
Current		
Accounts payable and accrued liabilities, note 5	\$ 22,503	\$ 19,920
Deferred revenue - restricted contributions, note 4	<u>316,575</u>	<u>284,268</u>
	<u>339,078</u>	<u>304,188</u>
NET ASSETS		
Unrestricted net assets	<u>149,866</u>	<u>108,549</u>
	<u><u>\$ 488,944</u></u>	<u><u>\$ 412,737</u></u>

Approved on behalf of the Board:

Janine Maxwell Director

See accompanying notes to the financial statements

HEART FOR AFRICA (CANADA)

**STATEMENT OF CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Unrestricted net assets, beginning of year	\$ 108,549	\$ 54,715
Excess of revenue over expenditures for the year	<u>41,317</u>	<u>53,834</u>
Unrestricted net assets, end of year	<u><u>\$ 149,866</u></u>	<u><u>\$ 108,549</u></u>

See accompanying notes to the financial statements

HEART FOR AFRICA (CANADA)**STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Revenue		
Donations, note 4	<u>\$ 1,043,739</u>	<u>\$ 1,395,683</u>
Expenditures		
Orphanage and children's programs, note 5	578,658	943,973
Project Canaan - general, note 5	171,520	196,564
Payroll and benefits	83,171	70,108
Project Canaan farm and facility, note 5	78,486	70,407
Fundraising	25,144	11,528
Office and general	21,180	21,055
Travel	20,514	5,809
Professional fees	11,877	11,145
Bank charges	10,219	9,606
Depreciation	<u>1,653</u>	<u>1,654</u>
	<u>1,002,422</u>	<u>1,341,849</u>
Excess of revenue over expenditures for the year	<u><u>\$ 41,317</u></u>	<u><u>\$ 53,834</u></u>

See accompanying notes to the financial statements

HEART FOR AFRICA (CANADA)**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025**

	2025	2024
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 41,317	\$ 53,834
Items not affecting cash:		
Depreciation of intangible asset	<u>1,653</u>	<u>1,654</u>
	42,970	55,488
Changes in non-cash working capital balances:		
Increase in accounts receivable	(36,255)	(185)
Increase (decrease) in deferred revenue - restricted contributions	32,307	(43,296)
Increase (decrease) in accounts payable and accrued liabilities	<u>2,583</u>	<u>(5,716)</u>
Cash flows provided from operating activities	41,605	6,291
Cash, beginning of year	<u>409,245</u>	<u>402,954</u>
Cash, end of year	<u><u>\$ 450,850</u></u>	<u><u>\$ 409,245</u></u>

See accompanying notes to the financial statements

HEART FOR AFRICA (CANADA)

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

1. DESCRIPTION OF THE ORGANIZATION

Heart for Africa (Canada) (the "Organization") is a registered charity under the Income Tax Act (Canada) and as such, is a non-taxable entity. The Organization funds improvements to and operations of orphanages in Swaziland, including providing medical supplies and treatment, food and other basic needs of the orphans being cared for.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are initially recorded as deferred revenue and only recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and when collection is reasonably assured.

Financial instruments

The Organization's financial instruments consist of cash, accounts receivable, and accounts payable and accrued liabilities. Cash is carried at fair value. All other financial instruments noted are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financial fees associated with arm's length financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument or shorter, dependent upon the expected period of cash flow.

When there is an indication of impairment and such an impairment is determined to have 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. Such impairments can be subsequently reversed if the value subsequently improves.

Intangible asset

Intangible asset consists of a website for use in the Organization. Separately acquired intangible assets are measured at cost on initial recognition. Subsequent to initial recognition, intangible assets are accounted for at cost less accumulated amortization and accumulated impairment losses. The Website is amortized over its estimated useful life of 10 years on a straight-line basis.

HEART FOR AFRICA (CANADA)

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (Continued...)

Impairment of long lived assets

Long-lived assets, which are comprised of an intangible asset, are reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable. If the sum of the undiscounted future cash flows expected from the use and eventual disposition of the asset is less than its carrying amount, the long-lived asset is considered to be impaired. An impairment loss is measured as the amount by which the carrying value of the long-lived assets exceeds the fair value.

Use of estimates

The preparation of the 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 reporting period. These estimates are reviewed periodically by management and, as adjustments become necessary, they are reported in earnings in the period in which they become known. Areas requiring the use of significant management estimates include the useful life of the intangible asset. Actual results could differ from those estimates.

3. INTANGIBLE ASSET

	Cost	Accumulated Amortization	2025 Net Book Value	2024 Net Book Value
Website	<u>\$ 13,230</u>	<u>\$ 11,576</u>	<u>\$ 1,654</u>	<u>\$ 3,307</u>

4. DEFERRED REVENUE - RESTRICTED CONTRIBUTIONS

	Deferred revenue as at December 31, 2024	Restricted contributions received	Contributions recognized as revenue	Deferred revenue as at December 31, 2025
Orphanage and children's programs	\$ 205,504	\$ 521,677	\$ (574,083)	\$ 153,098
Project Canaan farm and facility	73,847	163,924	(78,486)	159,285
Project Canaan - general	<u>4,917</u>	<u>32,371</u>	<u>(33,096)</u>	<u>4,192</u>
	<u>\$ 284,268</u>	<u>\$ 717,972</u>	<u>\$(685,665)</u>	<u>\$ 316,575</u>

HEART FOR AFRICA (CANADA)

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2025

5. RELATED PARTY TRANSACTIONS

The Organization works with Heart for Africa (Swaziland), a related organization by virtue of common management, to operate the orphanage and farming programs. The Organization supplied funding for the following Heart for Africa (Swaziland) programs:

	2025	2024
Orphanage and children's programs	\$ 578,658	\$ 943,973
Project Canaan - general	\$ 171,520	\$ 196,564
Project Canaan farm and facility	\$ 78,486	\$ 70,407

Included in accounts payable and accrued liabilities is \$Nil (2024 - \$4,200) owing to Heart for Africa (US), a related organization by virtue of common management.

These transactions occurred in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Transacting in financial instruments exposes the Organization to certain financial risks and uncertainties. These risks include:

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in raising funds to meet commitments associated with financial liabilities. The Organization's exposure to liquidity risk is dependent on ongoing contributions from donors or raising funds to meet commitments and sustain operations. The Organization controls liquidity risk by management and monitoring of working capital and cash flows. The exposure to this risk has not changed from the prior year.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization wires contributions to Dream of Africa, which are ultimately disbursed in South African Rand. As the receiving parties do not accept Canadian dollars (CAD), funds are first converted to U.S. dollars (USD) and then to ZAR. The Organization may have an adverse effect on the value of expenses denominated in currencies other than Canadian dollar.