

**Health Partners International
of Canada
Financial Statements
For the year ended September 30, 2025**

Health Partners International of Canada
Financial Statements
For the year ended September 30, 2025

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Independent Auditor's Report

**To the Board of Directors of
Health Partners International of Canada**

Opinion

We have audited the financial statements of Health Partners International of Canada (the "organization"), which comprise the statement of financial position as at September 30, 2025, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2025, and its results of operations 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 of 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.

Independent Auditor's Report

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 judgment 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.



Independent Auditor's Report

- 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.

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BDO Canada s.r.l./S.E.N.C.R.L./LLP

Montréal, Québec
February 18, 2026

¹ CPA auditor, public accountancy permit No. A130513

Health Partners International of Canada Statement of Financial Position

September 30	2025	2024
Assets		
Cash	\$ 1,718,685	\$ 585,656
Short-term deposit, maturing in January 2026 with an interest rate of 3.45%	1,000,000	2,400,000
Accounts receivable (Note 2)	161,674	102,890
Inventory	4,592,252	4,447,581
Prepaid expenditures	26,224	30,191
	\$ 7,498,835	\$ 7,566,318
Liabilities and Net Assets		
Accounts payable and accrued liabilities	\$ 116,032	\$ 142,051
Deferred inventory contributions (Note 4)	4,592,252	4,445,304
Deferred revenue - Foundations and organizations (Note 5)	567,864	871,810
	5,276,148	5,459,165
Net Assets		
Unrestricted	2,222,687	2,107,153
	\$ 7,498,835	\$ 7,566,318

Commitments (Note 7)

On behalf of the Board:

_____ Director

_____ Director

Health Partners International of Canada Statement of Changes in Net Assets

<u>For the year ended September 30</u>	<u>2025</u>	<u>2024</u>
Balance, beginning of the year	\$ 2,107,153	\$ 2,065,070
Excess of revenue over expenditures for the year	<u>115,534</u>	<u>42,083</u>
Balance, end of the year	\$ 2,222,687	\$ 2,107,153

The accompanying notes are an integral part of these financial statements.

Health Partners International of Canada Statement of Operations

For the year ended September 30	2025	2024
Revenue		
Contributions of materials	\$ 15,309,769	\$ 12,775,161
General donations	1,366,144	1,447,201
Contributions to medical programs	478,220	317,913
Government grants	103,785	236,586
Other revenue	74,513	119,052
	17,332,431	14,895,913
Expenditures		
Inventory expenditures	15,312,047	12,775,155
Program expenditures	1,062,651	1,137,440
Industry relations	185,469	164,889
Administration	449,507	505,875
Philanthropy	172,749	198,954
Communications	34,474	71,517
	17,216,897	14,853,830
Excess of revenue over expenditures for the year	\$ 115,534	\$ 42,083

The accompanying notes are an integral part of these financial statements.

Health Partners International of Canada Statement of Cash Flows

For the year ended September 30	2025	2024
Cash flows from operating activities		
Excess of revenue over expenditures for the year	\$ 115,534	\$ 42,083
Item not affecting cash		
Amortization of capital assets	-	3,608
	<u>115,534</u>	<u>45,691</u>
Changes in non-cash working capital		
Accounts receivable	(58,784)	32,281
Inventory	(144,671)	2,123,295
Prepaid expenditures	3,967	(4,779)
Accounts payable and accrued liabilities	(26,019)	11,047
Deferred inventory contributions	146,948	(2,123,295)
Deferred revenue - Foundations and organizations	(303,946)	126,988
	<u>(266,971)</u>	<u>211,228</u>
Cash flows from investing activity		
Decrease (increase) in short-term deposit	<u>1,400,000</u>	<u>(1,100,000)</u>
Net increase (decrease) in cash	1,133,029	(888,772)
Cash, beginning of the year	<u>585,656</u>	<u>1,474,428</u>
Cash, end of the year	<u>\$ 1,718,685</u>	<u>\$ 585,656</u>

The accompanying notes are an integral part of these financial statements.

Health Partners International of Canada

Notes to Financial Statements

September 30, 2025

1. Significant Accounting Policies

Incorporation and Purpose of Organization	The organization was incorporated as a non-profit organization in 1986 under Part II of the Canada Corporations Act and is a registered charity under the Income Tax Act of Canada. The organization requests and receives medical aid donations from Canada's pharmaceutical, vaccine and medical supply companies and responds to requests from Canadian medical professionals and aid agencies that provide health care in the developing world. It is also involved in sustainable development programs in the healthcare field in collaboration with ministries of health and partner non-governmental organizations in developing countries.
Basis of Accounting	The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.
Use of Estimates	The preparation of financial statements in accordance with accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditures during the reporting period. Significant items subject to estimates and assumptions include, but are not limited to, accruals and inventory obsolescence. Actual results could differ from management's best estimates as additional information becomes available in the future.
Revenue Recognition	<p>The organization follows the deferral method of accounting for contributions. Government grants and general donations and other revenue are recognized as revenue in the year in which the related expenditures are incurred.</p> <p>Contributions of materials are recognized as revenue in the year the contributed materials are distributed. They are measured at fair value, which represents the estimated wholesale price.</p> <p>Contributions to medical programs are recognized as revenue in the year received or receivable if the amount to be received can be reasonably assured.</p> <p>Restricted net investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted net investment income is recognized as revenue when earned.</p>
Inventory	Inventory represents donated materials not for sale and is donated for distribution outside Canada. Donated materials are valued at the lower of cost and replacement value. Cost is determined on the first-in, first-out basis.

Health Partners International of Canada Notes to Financial Statements

September 30, 2025

1. Significant Accounting Policies (continued)

Capital Assets and Amortization	Equipment and computer equipment are recorded at cost and are amortized over three years using the straight-line method. Leasehold improvements are amortized over the term of the lease.
Deferred Contributions Related to Capital Assets	Deferred contributions related to capital assets represent the unamortized balance of contributions restricted for capital expenditures. These contributions are amortized to revenue on the same basis as the capital assets to which they relate.
Income Taxes	The organization is a registered charitable organization and is exempt from income taxes.
Contributed Services	Volunteers contribute significant hours per year to assist the organization in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Financial Instruments	<p>Arm's length financial instruments are recorded at fair value at initial recognition.</p> <p>Related party financial instruments quoted in an active market or those with observable inputs significant to the determination of fair value or derivative contracts are recorded at fair value at initial recognition. All other related party financial instruments are recorded at cost at initial recognition.</p> <p>In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in income. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.</p> <p>Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in the statement of operations.</p>

Health Partners International of Canada

Notes to Financial Statements

September 30, 2025

1. Significant Accounting Policies (continued)

Allocation of Expenditures The organization engages in different programs. The costs of each program include the costs of personnel, premises and other expenditures that are directly related to providing the program. The organization also incurs a number of general support expenditures that are common to the administration of the organization and each of its programs. The organization allocates certain of its general support expenditures by identifying the appropriate basis of allocating each component expenditures, and applies that basis consistently each year.

Government Assistance Government assistance credits are recorded in the year the related expenditures are incurred and when there is reasonable assurance as to their recovery. Government assistance received is credited to the related operating charges.

These credits must be examined by the tax authorities and it is possible that the amount granted will differ from the amounts recorded.

2. Accounts Receivable

	2025	2024
Accounts receivable	\$ 134,662	\$ 75,164
Sales taxes receivable	27,012	27,726
	\$ 161,674	\$ 102,890

3. Available Credit Facilities

The organization is authorized to borrow up to a maximum of \$250,000 (2024 - \$250,000) by way of revolving demand facility. The facility carries interest at the bank's prime rate plus 1% (2024 - prime rate plus 1%), is renegotiated annually and has no renewal date. The facility is secured by a first ranking hypothec on the universality of all present and future assets, corporeal and incorporeal, for an amount of \$400,000 (2024 - \$400,000). The amount outstanding as at September 30, 2025 was \$Nil (2024 - \$Nil).

Health Partners International of Canada Notes to Financial Statements

September 30, 2025

4. Deferred Inventory Contributions

The deferred contributions represent gifts in kind received and receipted for tax purposes but not distributed. The changes in the deferred contributions balance are as follows:

	2025	2024
Balance, beginning of the year	\$ 4,445,304	\$ 6,568,598
Total inventory received during the year	16,129,002	12,670,476
Total inventory delivered during the year	(15,309,769)	(12,775,161)
Donated inventory adjustments during the year	(672,285)	(2,018,609)
Balance, end of the year	\$ 4,592,252	\$ 4,445,304

5. Deferred Revenue - Foundations and Organizations

The deferred revenue from foundations and organizations represents unspent resources for specific projects. During the year, the organization received an amount of \$487,127 (2024 - \$1,045,417) and recognized an income in the amount of \$780,686 (2024 - \$885,581). The following represents the balance of deferred revenue for the respective projects.

	2025	2024
Emergencies	\$ 352,879	\$ 528,291
Kenya (Smiles)	57,912	103,183
ACK-Kenya	52,035	55,000
Shipment contributions	45,325	18,760
Cap Santé	29,855	-
Ecuador COVID-19	12,223	10,286
Minor projects	10,691	14,946
Healthcare	4,698	-
Solar Suitcases	1,846	-
Congo	400	400
Foundation fund	-	3,448
Ethiopia	-	1,607
Community Health Worker Project	-	91,387
Charis	-	44,502
	\$ 567,864	\$ 871,810

Health Partners International of Canada Notes to Financial Statements

September 30, 2025

6. Allocation of Expenditures

Salaries and benefits expenditures in the amount of \$984,695 (2024 - \$1,126,631), and rent charges in the amount of \$275,012 (2024 - \$215,559) have been allocated as follows:

	2025	2024
Salaries and benefits		
Program expenditures	\$ 443,444	\$ 436,204
Administration	334,739	370,970
Philanthropy	121,515	142,048
Industry relations	84,997	141,781
Communications	-	35,628
	\$ 984,695	\$ 1,126,631
Rent charges		
Program expenditures	\$ 233,110	\$ 186,061
Administration	41,902	29,498
	\$ 275,012	\$ 215,559

7. Commitments

The organization has lease commitments for the rental of premises terminating in May 2029. The minimum lease payments over the next years are as follows:

2026	\$	242,399
2027		245,287
2028		248,175
2029		166,734
	\$	902,595

Health Partners International of Canada

Notes to Financial Statements

September 30, 2025

8. Financial Instruments

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization is exposed to credit risk with respect to cash and short-term deposit. The organization mitigates the credit risk for cash by dealing only with large financial institutions with good credit ratings. The organization is also exposed to credit risk arising from its accounts receivable. Credit risk is the risk that the counterparty to the transaction will not pay. The organization works to ensure that the receivables meet all eligibility criteria in order to qualify to receive the funding.

There have not been any changes in the risk from the prior year.

Liquidity risk

Liquidity risk is the risk that the organization will encounter difficulty in meeting its obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable. The organization manages this risk by monitoring working capital and cash flows needs.

There have not been any changes in the risk from the prior year.
