

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Financial statements
December 31, 2025



Shape the future
with confidence

Independent auditor's report

To the Board of Directors of
Aga Khan Foundation Canada – Fondation Aga Khan Canada

Opinion

We have audited the accompanying financial statements of the **Aga Khan Foundation Canada – Fondation Aga Khan Canada** ["AKFC"], which comprise the balance sheet as at December 31, 2025, and the statement of operations, statement of changes in net assets and 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 AKFC as at December 31, 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 AKFC 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 AKFC'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 AKFC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing AKFC'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 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 AKFC'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 AKFC'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 AKFC 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.

Ottawa, Canada
June 19, 2026

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants



Aga Khan Foundation Canada – Fondation Aga Khan Canada

Balance sheet

As at December 31

	2025	2024
	\$	\$
Assets		
Cash and cash equivalents	63,122,267	48,475,083
Contributions receivable <i>[note 6]</i>	1,822	1,371,332
Accrued interest receivable	1,297,563	1,714,927
Other receivables and prepaid expenses	1,343,180	1,549,026
Advances on program activities	3,568,017	6,220,637
Investments <i>[note 3]</i>	81,853,000	77,192,000
Property and equipment held for charitable purposes, net <i>[note 4]</i>	309,707,059	319,603,515
Total assets	460,892,908	456,126,520
Liabilities and net assets		
Liabilities		
Accounts payable and other liabilities	2,470,946	2,541,476
Payables on program activities	816,775	1,063,348
Deferred contributions <i>[note 6]</i>	28,198,208	16,452,444
Deferred capital contributions <i>[note 7]</i>	4,378,883	4,602,912
Total liabilities	35,864,812	24,660,180
Net assets		
Invested in property and equipment held for charitable purposes	305,328,176	315,000,603
Unrestricted accumulated surplus	119,699,920	116,465,737
Total net assets	425,028,096	431,466,340
	460,892,908	456,126,520

See accompanying notes

On behalf of the Board:

Director

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Statement of operations

Year ended December 31

	2025	2024
	\$	\$
Revenue		
Donations	66,770,212	81,898,115
Recognition of deferred capital contributions <i>[note 7]</i>	224,029	164,531
Investment income	4,472,664	5,166,843
	71,466,905	87,229,489
Global Affairs Canada	29,058,898	35,799,005
Other agencies	998,173	377,204
Other grants and income	1,202,916	7,884,617
	31,259,987	44,060,826
	102,726,892	131,290,315
Expenses		
Program activities <i>[note 5]</i>	86,671,758	100,252,291
Administration	4,663,078	4,671,158
Amortization of property and equipment held for charitable purposes	17,830,300	17,502,574
	109,165,136	122,426,023
Excess (deficiency) of revenue over expenses for the year	(6,438,244)	8,864,292

See accompanying notes

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Statement of changes in net assets

Year ended December 31

	2025		2024	
	Invested in property and equipment held for charitable purposes \$	Unrestricted accumulated surplus \$	Total \$	Total \$
Balance, beginning of year	315,000,603	116,465,737	431,466,340	419,867,048
Investment in property and equipment held for charitable purposes	7,933,844	(7,933,844)	—	—
Contribution of non-amortizing property held for charitable purposes	—	—	—	2,735,000
Recognition of deferred capital contributions	224,029	(224,029)	—	—
Amortization expenses and excess (deficiency) of revenue over expenses for the year	(17,830,300)	11,392,056	(6,438,244)	8,864,292
Balance, end of year	305,328,176	119,699,920	425,028,096	431,466,340

See accompanying notes

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Statement of cash flows

Year ended December 31

	2025	2024
	\$	\$
	<hr/>	<hr/>
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(6,438,244)	8,864,292
Add (deduct) items not involving cash		
Amortization of property and equipment held for charitable purposes	17,830,300	17,502,574
Recognition of deferred capital contributions	(224,029)	(164,531)
(Gain) loss on disposed property held for charitable purposes	—	(1,854,040)
Net change in non-cash working capital balances related to operations <i>[note 9]</i>	<hr/> 16,074,001	<hr/> (6,418,280)
Cash provided by operating activities	<hr/> 27,242,028	<hr/> 17,930,015
Investing activities		
Additions to property and equipment held for charitable purposes	(7,933,844)	(11,070,799)
Proceeds from disposed property and equipment held for charitable purposes	—	2,074,519
Net purchase of investments	<hr/> (4,661,000)	<hr/> (15,570,500)
Cash used in investing activities	<hr/> (12,594,844)	<hr/> (24,566,780)
Net increase (decrease) in cash and cash equivalents during the year	14,647,184	(6,636,765)
Cash and cash equivalents, beginning of year	<hr/> 48,475,083	<hr/> 55,111,848
Cash and cash equivalents, end of year	<hr/> 63,122,267	<hr/> 48,475,083

See accompanying notes

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Notes to financial statements

December 31, 2025

1. Aga Khan Foundation Canada

Aga Khan Foundation Canada – Fondation Aga Khan Canada [“AKFC”], incorporated under Part II of the *Canada Corporations Act* on July 3, 1980 and continued under the *Canada Not-for-profit Corporations Act* in 2014. AKFC is a non-profit international development agency working in Asia, Africa and Middle East to find sustainable solutions to the complex problems causing global poverty. AKFC is an agency of the Aga Khan Development Network [“AKDN”], a group of development agencies with individual mandates that address social, economic and cultural dimensions of development. Active in over 30 countries, these agencies share a mission to improve living conditions and opportunities for the poor without regard to their faith, origin or gender by seeking fresh solutions to pressing social and economic problems.

AKFC’s work covers two core lines of activity: programming related to international development, and the acquisition and development of properties used for charitable purposes. Both of these areas are supported by separate funding streams.

AKFC’s current portfolio for international development projects includes initiatives on Agriculture and Food Security, Climate Resilience, Civil Society, Early Childhood Development, Education, Health & Nutrition and Work & Enterprise in several countries in Asia, Africa and Middle East. It also offers an International Fellowship Program for Young Canadians and other programs enabling Canadians to serve in the developing world, and a robust public engagement and professional learning program to raise awareness and encourage discussion about Canada’s role in an interdependent world.

Under its custodial mandate for charitable properties, AKFC currently owns 31 properties used for charitable purposes [including the Delegation of the Ismaili Imam in Ottawa, where AKFC is headquartered], and five parcels of land held for development for charitable purposes [note 4].

AKFC’s international development work is financed by generous public support, a long-standing partnership with the Global Affairs Canada [“GAC”], productive collaborations with other leading development agencies, as well as the long-standing support of Aga Khan Foundation in Geneva, Switzerland [“AKF”]. AKFC’s property development initiatives are funded by grants from AKF and specific capital campaigns undertaken from time to time. AKF also provides core support for AKFC’s administration and fundraising costs. In 2025, AKF made a donation of \$4,136,699 [2024 – \$3,878,398] to AKFC.

AKFC is a registered charity within the meaning of the *Income Tax Act* (Canada) and, as such, is exempt from income taxes.

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Notes to financial statements

December 31, 2025

2. Basis of presentation

The financial statements have been prepared by AKFC in Canadian dollars and in accordance with Part III of the *CPA Canada Handbook – Accounting*, “Accounting Standards for Not-for-Profit Organizations”, which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada and includes the significant accounting policies described hereafter.

Financial instruments

Financial instruments include cash and cash equivalents, contributions receivable, accrued interest receivable, other receivables, investments, accounts payable and other liabilities, and payables on program activities. Financial assets and financial liabilities are initially measured at fair value. Subsequently, they are measured at amortized cost. Transactions are recorded on a trade basis and transaction costs are expensed as incurred.

Investments income primarily consists of interest income and is recorded in statement of operations.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, all highly liquid investments with original maturities of three months or less, and investments in longer-term guaranteed investment certificates that are cashable at any time.

Donations and contributions

AKFC follows the deferral method of accounting for contributions. Donations are recorded when received. Program contributions from the GAC and other funding partners are recorded on an accrual basis and thus the portion of grants and contributions received to date that is not expended is deferred to subsequent years.

Expenses

AKFC’s expenses on program activities are recognized as incurred.

Property and equipment held for charitable purposes

Property and equipment held for charitable purposes are recorded at the appraised market value at the time of donation or at cost where such property is acquired. All costs associated with the acquisition, construction and restoration of properties held for charitable purposes are capitalized.

Amortization

Amortization of property and equipment held for charitable purposes is calculated using the straight-line method over a period of 15 to 40 years. Office furniture and equipment amortization is calculated using the straight-line method over a period of three to five years.

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Notes to financial statements

December 31, 2025

Foreign currency translation

Revenue and expenses denominated in foreign currencies are translated into Canadian dollars at the actual realized weighted average rate at the transaction date. Investments and other monetary items denominated in foreign currencies are translated at the year-end rate. Translation gains and losses are included in the statement of operations.

Allocation of expenses

The direct expenses related to AKFC's activities, such as the cost of personnel and supplies, are allocated to each function in the statement of operations. AKFC also incurs general support expenses that are common to the administration of AKFC and each of its functions. Some of these expenses are allocated to program activities. The amount allocated in 2025 totals \$8,316,054 [2024 – \$7,116,499]. The allocated expenses include those related to human resources, finance and information systems. These expenses are allocated proportionately based on the content of each activity, and human resources expenses are directly attributable to the program activities.

3. Investments

The majority of investments consist of high-interest savings accounts and guaranteed investment certificates, which, in accordance with AKFC's investment policy, are for terms varying up to 12 months and are classified as cash and cash equivalent and investments in accordance with the AKFC's accounting policies. The investments are recorded at amortized cost and earn interest at rates varying from 2.5% to 5.3%, and the weighted average rate is 3.66% [2024 – 5.17%]. The market value of the non-cashable guaranteed investments as at December 31, 2025 amounts to \$82,100,233 [2024 – \$77,484,842] which includes \$247,233 [2024 – \$292,842] in accrued interest receivable on the balance sheet.

4. Property and equipment held for charitable purposes

Property and equipment held for charitable purposes consist of 31 properties [2024 – 30 properties] [including the Delegation of the Ismaili Imam in Ottawa, where AKFC is headquartered] used for charitable purposes, and five parcels of land held for development for charitable purposes. Except for the Delegation of the Ismaili Imam in Ottawa, operating costs for these properties are not included in the statement of operations because these costs are not the responsibility of AKFC.

	2025		2024	
	Cost	Accumulated amortization	Cost	Accumulated amortization
	\$	\$	\$	\$
Property held for charitable purposes				
Buildings	472,233,218	260,073,285	466,305,556	242,297,661
Land	97,518,773	—	95,512,591	—
Office furniture and equipment	6,198,584	6,170,231	6,198,583	6,115,554
	575,950,575	266,243,516	568,016,730	248,413,215
Accumulated amortization	266,243,516		248,413,215	
Net book value	309,707,059		319,603,515	

Aga Khan Foundation Canada – Fondation Aga Khan Canada

Notes to financial statements

December 31, 2025

5. Details of program activities

AKFC's program activities are as follows:

	2025	2024
	\$	\$
Overseas programs		
Health	15,491,481	17,756,647
Education	9,308,989	14,952,769
Multi-input	57,891,515	64,528,812
	82,691,985	97,238,228
Canadian programs	3,979,773	3,014,063
Total program activities	86,671,758	100,252,291

In 2025, AKFC provided qualified donee grants of \$ 43,780,192 [2024 – \$53,387,493], of which AKF received \$43,440,794 [2024 – \$51,437,331].

6. Deferred contributions

Deferred contributions, representing program contributions from GAC and other donors for the year ended December 31, are as follows:

	2025	2024
	\$	\$
Balance, beginning of year		
Deferred contributions	16,452,444	15,917,569
Contributions receivable from donors	(1,371,332)	(1,237,750)
	15,081,112	14,679,819
Amounts received during the year	43,534,760	36,882,574
Amounts recognized as revenue	(30,419,486)	(36,481,281)
Balance, end of year	28,196,386	15,081,112
Balance, end of year represented by		
Deferred contributions	28,198,208	16,452,444
Contributions receivable from donors	(1,822)	(1,371,332)
	28,196,386	15,081,112

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7. Deferred capital contributions

During the year, the Foundation had not received any in-kind capital contributions neither for land or for building in any of the provinces in Canada. Contributions related to capital assets that will be amortized are deferred and recognized as revenue on the same basis as the amortization expense related to the acquired capital assets. As land is not amortized, the related contributions are recorded as a direct increase to net assets. The in-kind capital contributions are measured based on the fair value of the asset acquired on the date of acquisition.

	2025	2024
	\$	\$
Balance, beginning of year	4,602,912	2,142,443
In-kind contribution for building	—	2,625,000
Recognition of deferred capital contributions	(224,029)	(164,531)
Balance, end of year	4,378,883	4,602,912

8. Employees Supplementary Executive Retirement Plan

AKFC accrues its obligation for certain senior employees towards the Supplementary Executive Retirement Plan. The liability is calculated based on a fixed contribution to eligible employees, which is valued at \$1,454,111 [2024 – \$1,494,958]. The amount is recorded under accounts payable and other liabilities.

9. Net change in non-cash working capital balances related to operations

The net change in non-cash working capital balances related to operations consists of the following:

	2025	2024
	\$	\$
Contributions receivable	1,369,510	(133,582)
Accrued interest receivable	417,364	184,255
Other receivables and prepaid expenses	205,846	136,891
Advances on program activities	2,652,620	754,346
Accounts payable and other liabilities	(70,530)	(8,200,550)
Payables on program activities	(246,573)	305,485
Deferred contributions	11,745,764	534,875
	16,074,001	(6,418,280)

10. Pledges

To enable AKFC to fulfill its mandate, in addition to commitments from GAC and other funding partners with respect to certain joint activities, expressions of future continuing support have been received from various individuals and corporations amounting to approximately \$88 million [2024 – \$105 million]. These amounts will be recorded as donations when received. AKFC's cash and investments are also available to support its activities.

Notes to financial statements

December 31, 2025

11. Financial instruments – risks and uncertainties

AKFC is exposed to financial risks through transactions in financial instruments, and manages these risks through compliance with the Statement of Investment Policy approved by the Board. AKFC also monitors and mitigates its financial risks by reviewing, periodically, various financial and investment metrics.

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. AKFC is exposed to foreign currency risk with respect to its cash and cash equivalents denominated in foreign currencies because of fluctuations in the relative value of foreign currencies against the Canadian dollar.

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. AKFC is exposed to credit risk in connection with its investments, contributions receivable, accrued interest receivable and other receivables because of the risk that one party to the financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Investments consist of term deposits and guaranteed investment certificates and contributions receivable consist of receivable from GAC, which mitigates the exposure to credit risk.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. AKFC is exposed to interest rate risk with respect to its investments, the values of which will fluctuate with changes in market interest rates.

12. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period.