

Financial Statements

The Leprosy Mission Canada
operating as Effect Hope

December 31, 2025

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Independent Auditor's Report

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To the Members of
The Leprosy Mission Canada operating as Effect Hope

Opinion

We have audited the financial statements of The Leprosy Mission Canada operating as Effect Hope (the "Mission"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net assets 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 Mission as at December 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

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 Mission 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 these financial statements in accordance with ASNPO, 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 Mission's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Mission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

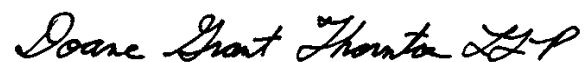
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 the Mission'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 Mission'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 Mission 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.

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.



Markham, Canada
April 7, 2026

Chartered Professional Accountants
Licensed Public Accountants

The Leprosy Mission Canada operating as Effect Hope

Statement of Financial Position

As at December 31

2025

2024

Assets

Current assets

Cash	\$ 1,380,205	\$ 1,754,832
Restricted funds for pension contributions (Note 4)	-	243
Accounts receivable	42,818	32,870
Prepaid expenses	53,966	42,689
	<u>1,476,989</u>	<u>1,830,634</u>

Investments (Note 5)	6,164,546	6,012,355
Donations receivable from charitable remainder trusts (Note 6)	44,000	44,000
Property and equipment (Note 7)	90,601	31,935
	<u>\$ 7,776,136</u>	<u>\$ 7,918,924</u>

Liabilities and net assets

Current liabilities

Accounts payable and accrued liabilities	\$ 154,854	\$ 245,493
Deferred revenue (Note 4)	-	243
Due to field programs	261,990	87,540
	<u>416,844</u>	<u>333,276</u>

Net assets

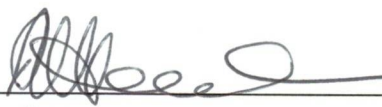
Invested in property and equipment	90,601	31,935
Internally restricted	6,435,992	6,696,535
Externally restricted (Note 8)	39,478	109,960
Unrestricted	793,221	747,218
	<u>7,359,292</u>	<u>7,585,648</u>
	<u>\$ 7,776,136</u>	<u>\$ 7,918,924</u>

Lease commitments (Note 10)

On behalf of the Board of Directors

 _____

Director

 _____

Director

See accompanying notes to the financial statements.

The Leprosy Mission Canada operating as Effect Hope

Statement of Operations

Year ended December 31

	Invested in Property and Equipment	Externally Restricted	Unrestricted	2025 Total	2024 Total
Revenue					
Contributions	\$ -	\$ -	\$ 3,483,453	\$ 3,483,453	\$ 3,570,431
Institutional funding	-	1,446,956	-	1,446,956	859,516
Legacies	-	-	743,877	743,877	1,148,472
Investment income (Note 5)	-	-	484,037	484,037	688,789
Saleable products and sundry	-	-	18,053	18,053	63,899
	-	1,446,956	4,729,420	6,176,376	6,331,107
Expenditures					
Ministry					
Program expenditures					
Strengthening health systems	-	1,227,717	1,507,496	2,735,213	2,178,302
Activating and equipping communities	-	69,318	507,244	576,562	543,592
Carrying out research	-	111,906	441,989	553,895	440,512
Advocacy, policy and partnership	-	108,497	426,586	535,083	413,186
Constituency education	-	-	708,171	708,171	694,568
	-	1,517,438	3,591,486	5,108,924	4,270,160
Support services					
Administration	22,492	-	628,971	651,463	627,077
Promotion	-	-	642,345	642,345	736,816
	22,492	-	1,271,316	1,293,808	1,363,893
	22,492	1,517,438	4,862,802	6,402,732	5,634,053
(Deficiency) excess of revenue over expenditures	\$ (22,492)	\$ (70,482)	\$ (133,382)	\$ (226,356)	\$ 697,054

See accompanying notes to the financial statements.

The Leprosy Mission Canada operating as Effect Hope

Statement of Changes in Net Assets

Year ended December 31

	Invested in Property and Equipment	Internally Restricted	Externally Restricted	Unrestricted	2025 Total	2024 Total
Net assets, beginning of year	\$ 31,935	\$ 6,696,535	\$ 109,960	\$ 747,218	\$ 7,585,648	\$ 6,888,594
(Deficiency) excess of revenue over expenditures	(22,492)	-	(70,482)	(133,382)	(226,356)	697,054
Purchase of property and equipment	81,158	-	-	(81,158)	-	-
Net transfer from internally restricted net assets	-	(260,543)	-	260,543	-	-
	58,666	(260,543)	(70,482)	46,003	(226,356)	697,054
Net assets, end of year	\$ 90,601	\$ 6,435,992	\$ 39,478	\$ 793,221	\$ 7,359,292	\$ 7,585,648

See accompanying notes to the financial statements.

The Leprosy Mission Canada operating as Effect Hope

Statement of Cash Flows

Year ended December 31

2025

2024

Increase (decrease) in cash

Operating		
(Deficiency) excess of revenue over expenditures	\$ (226,356)	\$ 697,054
Items not involving cash		
Donated investments	(166,204)	(54,225)
Realized capital (gains) losses on investments	(52,272)	2,556
Unrealized capital gains on investments	(321,910)	(572,713)
Amortization of property and equipment	<u>22,492</u>	<u>13,176</u>
	<u>(744,250)</u>	<u>85,848</u>
Net change in non-cash working capital items		
Accounts receivable	(9,948)	(12,993)
Prepaid expenses	(11,277)	29,497
Accounts payable and accrued liabilities	<u>(90,639)</u>	<u>7,900</u>
	<u>(111,864)</u>	<u>24,404</u>
	<u>(856,114)</u>	<u>110,252</u>
Financing		
Net change in amount due to field programs	<u>174,450</u>	<u>58,182</u>
Investing		
Change in investments (net)	388,195	(181,564)
Purchase of property and equipment	<u>(81,158)</u>	<u>(12,147)</u>
	<u>307,037</u>	<u>(193,711)</u>
Net change in cash during the year	(374,627)	(25,277)
Cash		
Beginning of year	<u>1,754,832</u>	<u>1,780,109</u>
End of year	<u>\$ 1,380,205</u>	<u>\$ 1,754,832</u>

See accompanying notes to the financial statements.

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

1. Description of the organization

The purpose of The Leprosy Mission Canada (operating as Effect Hope) (the "Mission") is to minister in the name of Jesus Christ to the physical, mental and spiritual needs of sufferers from leprosy, and other neglected tropical diseases, to assist in their rehabilitation, and to work towards the eradication of the disease.

The Mission is incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity within the meaning of the Income Tax Act (Canada) and, as such, is exempt from income taxes.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"), the more significant of which are outlined below.

Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically, and adjustments are made to the excess (deficiency) of revenue over expenditures as appropriate in the year they become known.

Net assets

Invested in property and equipment

Invested in property and equipment includes revenue, expenditures and net assets related to the Mission's long-term property and equipment.

Internally restricted

These can only be used for the purposes specified by the Board of Directors (the "Board"). The Board may, at any time at its discretion, encroach on all or any part of the funds for the general use of the Mission. The Board follows a regular policy wherein internally restricted net assets are budgeted to support Ministry programs.

Externally restricted

These include net assets whose amounts are restricted by donors or funders to be used for specific purposes.

Unrestricted net assets

Unrestricted net assets include the operating activities of the Mission.

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

2. Summary of significant accounting policies (continued)

Revenue recognition

The Mission follows the restricted fund method of accounting for externally restricted contributions. As such, contributions, legacies and institutional funding which are externally restricted by the donor or funder are recorded as externally restricted revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Unrestricted contributions, legacies and institutional funding are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. All other revenue is recognized in the period the income is earned and collection is reasonably assured.

In-kind contributions are recorded as revenue at fair market value at the date of receipt, when fair value is reasonably determinable and the item would have been otherwise purchased in the normal course of operations.

Contributed services

Contributed services are not recognized in the financial statements due to the difficulty in determining their fair value.

Financial instruments

Initial measurement

The Mission's financial instruments in arm's length transactions are measured at fair value when issued or acquired. Financial assets and liabilities in related party transactions are initially measured at cost.

Subsequent measurement

At each reporting date, the Mission measures its financial assets and liabilities in arm's length transactions at amortized cost (less impairment in the case of financial assets) with the exception of investments, which are recorded and carried at fair value. The financial instruments measured at amortized cost are cash, accounts receivable, accounts payable, and due to field programs. Financial assets or liabilities in related party transactions are subsequently measured at cost.

For financial assets measured at cost or amortized cost, the Mission regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Mission determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the fiscal year the reversal occurs.

Property and equipment

Purchased property and equipment are recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful life as follows:

Leasehold improvements	5 years
Computer hardware	3 years
Office furniture and equipment	5 years
Website	3 years

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

2. Summary of significant accounting policies (continued)

Impairment of long-lived assets

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Allocation of expenditures

Expenditures are reported by ministry program and support services (Note 9). Certain employees perform a combination of ministry, fundraising and administrative activities. As a result, expenses for various staff, office, administrative infrastructure and regulatory compliance costs are allocated based on time dedicated to each activity. Other costs, including website, printed material, multimedia production and programs, have been allocated based on the level of education and awareness building content for each activity.

3. Objectives, policies and processes for managing capital

The Mission's capital is comprised of the net assets invested in property and equipment, internally restricted net assets, externally restricted net assets and unrestricted net assets.

Invested in property and equipment

The Mission invests in property and equipment in order to provide an infrastructure for personnel to meet their commitments. In 2025, capital acquisitions of \$81,158 (2024 - \$12,147) were made to the web project and computer hardware (Note 7).

Internally restricted net assets

The internally restricted net assets are set aside by Board resolution related to legacy funds received and other funds set aside for investment in specific strategic initiatives of the organization. The Finance Committee monitors the status of these net assets and reports to the Board. The net assets are invested in accordance with Board policy.

Externally restricted net assets

Externally restricted net assets consist of designated donations with specific donor or funder restrictions that determine how and when the funds can be used.

Unrestricted net assets

Management prepares the budget under the guidance of the Finance Committee. The Finance Committee reviews and recommends the budget to the Board for approval. After the budget is approved by the Board, management and the Treasurer monitor the actual results against the budget and notify the Finance Committee and the Board when changes to plans are required.

Other restrictions

The Mission is not subject to any external capital requirements other than those outlined above.

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

4. Pension plans

The Mission maintains a defined contribution pension plan to provide post-retirement revenue to its eligible retirees. During the year, total contributions made by the Mission for its obligations under the defined contribution plan amounted to \$91,015 (2024 - \$85,149).

Prior to January 1, 2007, the Mission maintained a defined benefit pension plan. The remaining participants in that plan have chosen to preserve their plan as at that date.

During fiscal 2020, the Mission purchased an insured annuity contract for \$593,222 to fix the costs required to provide the remaining defined benefit obligations to the plan members. This contract came into effect on March 1, 2021. Formal approval to remove the pension benefit obligations from the Mission was received on June 21, 2022. The remaining plan assets in the amount of \$243 were utilized for premium payments of the defined contribution pension plan in fiscal 2025.

5. Investments

	<u>2025</u>	<u>2024</u>
Corporate and government bonds	\$ 3,444,864	\$ 3,718,981
Equities	2,687,751	2,268,350
Cash on deposit with broker	29,833	18,615
Accrued interest	<u>2,098</u>	<u>6,409</u>
	<u>\$ 6,164,546</u>	<u>\$ 6,012,355</u>

Corporate and government bonds earn interest at annual rates between 1.500% and 3.600% (2024 – 1.128% and 4.193%) and mature between March 2026 and October 2035 (2024 – January 2025 and December 2032). As the intention is to reinvest these investments upon maturity for the long-term, the investments have been classified as long-term.

Investment income for the year is made up of the following:

	<u>2025</u>	<u>2024</u>
Dividends	\$ 47,680	\$ 52,282
Interest	115,388	114,213
Realized capital gains (losses)	52,272	(2,556)
Unrealized capital gains	321,910	572,713
Investment fees	<u>(53,213)</u>	<u>(47,863)</u>
	<u>\$ 484,037</u>	<u>\$ 688,789</u>

6. Donations receivable from charitable remainder trusts

The Mission has been named as the beneficiary in charitable remainder trusts totaling \$44,000 (2024 - \$44,000). Each donation will be recognized as revenue in the year of the donor's death.

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

7. Property and equipment

			<u>2025</u>	<u>2024</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Leasehold improvements	\$ 10,381	\$ 5,523	\$ 4,858	\$ 6,934
Computer hardware	31,721	17,440	14,281	12,956
Office furniture and equipment	24,858	17,174	7,684	12,045
Website	<u>71,750</u>	<u>7,972</u>	<u>63,778</u>	<u>-</u>
	<u>\$ 138,710</u>	<u>\$ 48,109</u>	<u>\$ 90,601</u>	<u>\$ 31,935</u>

Additions to property and equipment for the year are as follows:

	<u>2025</u>	<u>2024</u>
Computer hardware	\$ 9,408	\$ 12,147
Website	<u>71,750</u>	<u>-</u>
	<u>\$ 81,158</u>	<u>\$ 12,147</u>

8. Externally restricted net assets

	<u>2025</u>	<u>2024</u>
Secours Lèpre Canada – Restore	\$ 26,279	\$ -
A. N. Scott Memorial Fund	12,199	12,199
Revocable Gift Trust Fund	1,000	1,000
ILEP Uplift	-	49,626
ASPIRE, Bihar	-	30,000
LRI – Cote d'Ivoire	<u>-</u>	<u>17,135</u>
	<u>\$ 39,478</u>	<u>\$ 109,960</u>

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

9. Allocation of expenditures

	2025			
	<u>Ministry</u>	<u>Promotion</u>	<u>Administration</u>	<u>Total</u>
Staff, office, administrative infrastructure and regulatory compliance	\$ 1,376,022	\$ 471,305	\$ 623,018	\$ 2,470,345
Web, printed material, multimedia production and programs	<u>78,173</u>	<u>109,470</u>	<u>4,069</u>	<u>191,712</u>
	<u>\$ 1,454,195</u>	<u>\$ 580,775</u>	<u>\$ 627,087</u>	<u>\$ 2,662,057</u>
	2024			
	<u>Ministry</u>	<u>Promotion</u>	<u>Administration</u>	<u>Total</u>
Staff, office, administrative infrastructure and regulatory compliance	\$ 1,230,817	\$ 483,439	\$ 625,642	\$ 2,339,898
Web, printed material, multimedia production and programs	<u>99,705</u>	<u>201,691</u>	<u>2,885</u>	<u>304,281</u>
	<u>\$ 1,330,522</u>	<u>\$ 685,130</u>	<u>\$ 628,527</u>	<u>\$ 2,644,179</u>

10. Lease commitments

The Mission is committed under an operating lease for the rental of office premises expiring in May 2028. Minimum annual payments under this contract until expiry are as follows:

2026	\$ 31,524
2027	33,008
2028	14,011

11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments, which remain unchanged for the Mission from the prior year.

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 meet its funding obligations. The Mission is exposed to credit risk with respect to its accounts receivable. This risk is mitigated by the Mission by ensuring revenue is derived from qualified sources. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2024 - \$Nil).

The Leprosy Mission Canada operating as Effect Hope

Notes to the Financial Statements

December 31, 2025

11. Financial instruments (continued)

Liquidity risk

The Mission's liquidity risk represents the risk that the Mission could encounter difficulty in meeting obligations associated with its financial liabilities. The Mission is, therefore, exposed to liquidity risk with respect to its accounts payable and due to field programs. Management mitigates this risk by holding substantial investments which exceed the total of current liabilities. The Mission also has an available line of credit in the amount of \$800,000. Interest is charged at an annual rate of prime plus 0.5% on any amount drawn. No balance was withdrawn at year end (2024 - \$Nil).

Government remittances payable at year end are \$Nil (2024 - \$Nil).

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. The Mission is exposed to interest rate risk with respect to investments with fixed interest rates.

Other price risk

The Mission is exposed to other price risk on its investments in equities quoted in an active market since changes in market prices could result in changes in the fair value of these instruments.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. The Mission is exposed to currency risk with respect to a portion of its cash and investments held in US dollars. This exposure extends to foreign currency purchases made to honour overseas program funding commitments throughout the year. The Organization is exposed to currency risk with respect to a portion of its cash balances held in US dollars in the amount of \$21,113 (2024 - \$236,771) and investments held in US dollars in the amount of \$970,362 (2024 - \$887,321).

12. Fund-Raising - Province of Alberta

As required by the Charitable Fund-Raising Act of Alberta, the Mission reports that in 2025, gross contributions received from persons in Alberta were \$715,369 (2024 - \$554,492), and the expenses incurred for soliciting contributions in Alberta were \$74,431 (2024 - \$95,994). The Mission disbursed 85% (2024 - 85%) of the contributions received towards charitable programs. The amount paid in 2025 for remuneration to employees in Alberta whose principal duties involve fund-raising was \$92,588 (2024 - \$104,298).

13. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's financial statement presentation.