

Aga Khan Foundation U.S.A.

Financial Statements, Schedule of Expenditures of Federal Awards, and Independent Auditor's Reports Required by *Government Auditing Standards* and the Uniform Guidance Years Ended December 31, 2025 and 2024

Aga Khan Foundation U.S.A.

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Government Auditing Standards and the Uniform Guidance
Years Ended December 31, 2025 and 2024

Aga Khan Foundation U.S.A.

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Independent Auditor's Report

Board of Directors
Aga Khan Foundation U.S.A.
Washington, D.C.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Aga Khan Foundation U.S.A.** (The "Foundation"), which comprise the statements of financial position as of December 31, 2025 and 2024, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Aga Khan Foundation U.S.A.** as of December 31, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. 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 required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



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 absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. 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. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In



our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report April 29, 2026 on our consideration of the Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control over financial reporting and compliance.

BDO USA, P.C.

McLean, Virginia
April 29, 2026

Financial Statements

Aga Khan Foundation U.S.A.

Statements of Financial Position

December 31,	2025	2024
Assets:		
Cash and cash equivalents	\$ 8,913,470	\$ 9,528,115
Investments (Note 5)	101,395,919	140,640,887
Cash surrender value of life insurance policies	38,257,171	36,278,967
Accounts receivable and other current assets	3,282,484	4,038,580
Donor agency receivables	1,745,199	1,495,220
Receivables from affiliates (Note 10)	3,158,769	6,323,530
Notes receivable from related parties (Notes 4 and 10)	11,606,068	12,470,695
Contributions receivable, net (Note 6)	29,681,147	38,747,508
Operating lease right-of-use assets	1,501,907	1,773,572
Fixed assets, net (Note 7)	402,345,216	371,213,979
Total Assets	\$ 601,887,350	\$ 622,511,053
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 2,922,206	\$ 23,407,577
Operating lease liabilities (Note 8)	1,646,118	1,919,518
Payables to affiliates (Note 10)	9,432,504	12,584,756
Refundable advances	5,620,996	12,891,912
Total Liabilities	19,621,824	50,803,763
Commitments and Contingencies		
Net Assets:		
Without donor restrictions	549,992,683	398,774,328
With donor restrictions (Note 12)	32,272,843	172,932,962
Total Net Assets	582,265,526	571,707,290
Total Liabilities and Net Assets	\$ 601,887,350	\$ 622,511,053

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

Aga Khan Foundation U.S.A.

Statement of Activities

<i>Year ended December 31, 2025</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 54,162,335	\$ 18,455,605	\$ 72,617,940
Contributed non-financial assets	85,000	-	85,000
Federal grants	1,408,440	-	1,408,440
Non federal grants	25,851,921	1,928,221	27,780,142
Investment return, net	4,936,580	-	4,936,580
Other income	1,423,228	-	1,423,228
Net assets released from restrictions	161,043,945	(161,043,945)	-
Total Revenues	248,911,449	(140,660,119)	108,251,330
Expenses:			
Program services			
International programs	92,002,429	-	92,002,429
Community centers development program	1,098,539	-	1,098,539
Total Program Services	93,100,968	-	93,100,968
Supporting services			
Management and general	1,601,380	-	1,601,380
Fundraising	2,990,746	-	2,990,746
Total Expenses	97,693,094	-	97,693,094
Change in Net Assets	151,218,355	(140,660,119)	10,558,236
Net assets, beginning of year	398,774,328	172,932,962	571,707,290
Net assets, end of year	\$ 549,992,683	\$ 32,272,843	\$ 582,265,526

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

Aga Khan Foundation U.S.A.

Statement of Activities

<i>Year ended December 31, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Contributions	\$ 42,147,168	\$ 9,485,781	\$ 51,632,949
Contributed non-financial assets	8,760,000	-	8,760,000
Federal grants	7,175,724	-	7,175,724
Non federal grants	7,405,672	3,753,050	11,158,722
Investment return, net	7,397,202	-	7,397,202
Other income	1,391,842	-	1,391,842
Net assets released from restrictions	16,726,593	(16,726,593)	-
Total Revenues	91,004,201	(3,487,762)	87,516,439
Expenses:			
Program services			
International programs	49,393,788	-	49,393,788
Community centers development program	416,439	-	416,439
Total Program Services	49,810,227	-	49,810,227
Supporting services			
Management and general	1,254,762	-	1,254,762
Fundraising	3,968,160	-	3,968,160
Total Expenses	55,033,149	-	55,033,149
Change in Net Assets	35,971,052	(3,487,762)	32,483,290
Net Assets, beginning of year	362,803,276	176,420,724	539,224,000
Net Assets, end of year	\$ 398,774,328	\$ 172,932,962	\$ 571,707,290

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

Aga Khan Foundation U.S.A.

Statement of Functional Expenses

<i>Year ended December 31, 2025</i>	Program Services			Supporting Services			Total Expenses
	International Programs	Community Centers Development Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Direct program expenses	\$ 87,895,359	\$ 4,905	\$ 87,900,264	\$ -	\$ -	\$ -	\$ 87,900,264
Staffing costs	1,210,899	-	1,210,899	1,042,801	1,445,364	2,488,165	3,699,064
Legal, accounting and consulting	42,207	33,389	75,596	133,216	38,399	171,615	247,211
Travel	12,600	-	12,600	100,527	40,607	141,134	153,734
Adjustment to allowance for doubtful pledges	2,350,575	(2,273,780)	76,795	-	-	-	76,795
General office	-	52	52	68,342	109,725	178,067	178,119
Occupancy	107,428	-	107,428	81,168	145,625	226,793	334,221
Communications	-	-	-	5,261	1,838	7,099	7,099
Event expenses	-	-	-	-	592,055	592,055	592,055
Technology	-	-	-	10,085	15,229	25,314	25,314
Licenses/processing fees	254,626	9,665	264,291	48,184	415,899	464,083	728,374
Property taxes and licenses	-	122,379	122,379	-	-	-	122,379
Other support costs	128,735	-	128,735	102,266	186,005	288,271	417,006
Depreciation and amortization	-	3,201,929	3,201,929	9,530	-	9,530	3,211,459
	\$ 92,002,429	\$ 1,098,539	\$ 93,100,968	\$ 1,601,380	\$ 2,990,746	\$ 4,592,126	\$ 97,693,094

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

Aga Khan Foundation U.S.A.

Statement of Functional Expenses

Year ended December 31, 2024	Program Services			Supporting Services			Total Expenses
	International Programs	Community Centers Development Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Direct program expenses	\$ 46,598,266	\$ 4,903	\$ 46,603,169	\$ -	\$ -	\$ -	\$ 46,603,169
Staffing costs	1,187,926	-	1,187,926	680,628	1,636,384	2,317,012	3,504,938
Legal, accounting and consulting	80,672	58,054	138,726	155,038	27,188	182,226	320,952
Travel	58,452	-	58,452	87,220	57,497	144,717	203,169
Adjustment to allowance for doubtful pledges	1,046,679	(2,851,929)	(1,805,250)	-	626,071	626,071	(1,179,179)
General office	1,748	81	1,829	90,682	115,200	205,882	207,711
Occupancy	106,927	-	106,927	70,884	170,602	241,486	348,413
Communications	-	-	-	4,340	2,714	7,054	7,054
Event expenses	-	-	-	-	707,797	707,797	707,797
Technology	2,015	-	2,015	17,700	179,092	196,792	198,807
Licenses/processing fees	160,527	5,915	166,442	38,920	196,981	235,901	402,343
Property taxes and licenses	-	167,511	167,511	-	-	-	167,511
Other support costs	150,576	-	150,576	99,820	248,634	348,454	499,030
Depreciation and amortization	-	3,031,904	3,031,904	9,530	-	9,530	3,041,434
	\$ 49,393,788	\$ 416,439	\$ 49,810,227	\$ 1,254,762	\$ 3,968,160	\$ 5,222,922	\$ 55,033,149

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

Aga Khan Foundation U.S.A.

Statements of Cash Flows

<i>Years ended December 31,</i>	2025	2024
Cash flows from Operating activities		
Change in net assets	\$ 10,558,236	\$ 32,483,290
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,211,459	3,041,434
Contributions of non-financial assets	(85,000)	(8,760,000)
Noncash lease expense	271,665	267,226
Stock contributions received	(7,743,001)	(1,905,845)
Proceeds from sale of stock contributions received	7,742,948	1,905,787
Realized losses on contributed stock	53	58
Net realized and unrealized gains on investments	(1,999,999)	(5,200,302)
Change in cash surrender value of life insurance policies	(1,978,204)	(2,103,706)
Change in allowance for doubtful contributions	70,495	(1,174,333)
Change in discounts on contributions receivable	(17,967)	121,384
(Increase) decrease in assets:		
Accounts receivable and other current assets	756,096	687,925
Donor agency receivables	(249,979)	(350,245)
Receivables from affiliates	3,164,761	701,795
Contributions receivable	9,013,833	7,369,947
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(20,485,371)	(18,368,776)
Payables to affiliates	(3,152,252)	582,718
Operating lease liabilities	(273,400)	(261,622)
Refundable advances	(7,270,916)	7,153,458
Net Cash (Used in) Provided by Operating Activities	(8,466,543)	16,190,193
Cash Flows from Investing Activities		
Purchases of investments	(52,254,707)	(56,073,808)
Proceeds from sales of investments	93,499,674	82,814,405
Notes receivable - payment received	864,627	861,187
Fixed asset purchases / construction-in-progress additions	(34,257,696)	(48,216,053)
Net Cash Provided by (Used in) Investing Activities	7,851,898	(20,614,269)
Net Decrease in Cash and Cash Equivalents	(614,645)	(4,424,076)
Cash and Cash Equivalents, beginning of year	9,528,115	13,952,191
Cash and Cash Equivalents, end of year	\$ 8,913,470	\$ 9,528,115
Supplemental Disclosures of Non-Cash Investing Activity:		
Fixed assets included in accounts payable and accrued liabilities	\$ -	\$ 20,898,628

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

Aga Khan Foundation U.S.A.

Notes to Financial Statements

1. Organization

Aga Khan Foundation U.S.A. (the “Foundation”) was incorporated on October 9, 1981, and is a non-profit, non-denominational, international development agency working in Asia and Africa. The purpose of the Foundation is to find sustainable solutions to the complex problems causing global poverty. The Foundation’s principal sources of financial support are grants and contributions from individuals, government agencies, domestic and foreign corporations, and foundations, including the Aga Khan Foundation (“AKF”) established in Geneva, Switzerland. The Foundation is a member of the Aga Khan Development Network (“AKDN”).

2. Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies followed by the Foundation in the preparation of these financial statements:

Basis of Accounting

The accompanying financial statements of the Foundation are presented in conformity with accounting principles generally accepted in the United States of America (“GAAP”) and have been prepared on the accrual basis of accounting. Accordingly, revenue is recognized when earned and expenses are recognized when incurred.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with an original maturity of three months or less from the date of purchase to be cash equivalents except for amounts included in the Foundation’s investment portfolio which are categorized as investments in the accompanying statements of financial position.

Concentrations of Credit Risk

Cash and cash equivalents and cash and cash equivalents held in investment accounts are maintained at financial institutions and, at times, balances may exceed federally insured limits. Deposits held at federally insured institutions are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to \$250,000 per bank at December 31, 2025 and 2024. At December 31, 2025 and 2024, the Foundation held approximately \$49,100,000 and \$36,163,000, respectively, in uninsured deposits. The Foundation has not experienced losses related to these deposits and does not believe it is exposed to significant credit risk with respect to its cash and cash equivalents.

The Foundation maintains cash and cash equivalents and investments with two high quality institutions and has established diversification and maturity guidelines to reduce risk and maintain liquidity. The Foundation maintains separate cash, assets and investment accounts with two major financial institutions that combine the balances of all Foundation accounts. However, the majority of the investments are held with one of the major institutions with highest credit rating.

Credit risk with respect to accounts receivable, notes receivable, and grants and contributions receivable is limited because these amounts are due from a large number of individual debtors and donors, as well as major donors with whom the Foundation maintains long-term relationships.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Investments

Investments include certificates of deposit, time deposits and cash and cash equivalents with original maturity of greater than three months, bonds, treasury securities. Unrealized and realized gains and losses are included in the statements of activities during the period in which they occur.

Cash Surrender Value of Life Insurance Policies

The cash surrender value of the life insurance policies is recorded based on information provided by the respective insurance companies to the Foundation. The Foundation is the policy owner as well as the beneficiary. Changes in cash surrender value, net of premiums paid, are recognized in the accompanying statements of activities as part of other income. Insurance proceeds in excess of the cash surrender value, received upon the death of the donor, are recognized in the accompanying statements of activities as a gain and are included in other income.

Donor Agency Receivables

The Foundation receives grants from various federal agencies, private foundations, and other organizations. This funding is subject to various contractual restrictions. These balances are due from the grantor based on terms outlined within the underlying grant agreement. An allowance for credit losses is provided based on management's judgment, including such factors as prior collection history over a period. Management has concluded no such allowance is necessary at December 31, 2025 and 2024.

Fixed Assets

Fixed assets are carried at cost. The Foundation capitalizes assets with an original cost of \$5,000 or greater. Depreciation of furniture, fixtures and equipment is computed on the straight-line method over the estimated useful lives of five years. Buildings are depreciated over 20 years. Land and artwork are not depreciated. The Foundation capitalizes donated assets at fair value. The Foundation does not recognize depreciation on certain fixed assets as the Foundation deems these items to have historical value that is worth preserving perpetually and intends to protect and preserve these assets.

When assets are sold or otherwise disposed, the assets and related accumulated depreciation are removed from the accounts, and any remaining gain or loss recognized in the current period. Repairs and maintenance are charged to expense when incurred. Costs associated with construction-in-progress are held until the asset is placed in service, at which point the asset is transferred out of construction-in-progress and depreciated over its estimated useful life.

Impairment of Long-Lived Assets

The Foundation reviews the carrying amounts of fixed assets whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the asset is reduced, by a charge to the accompanying statements of activities, to its current fair value.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Refundable Advances

The Foundation recognizes revenue from conditional grants as conditions are met. When cash is received before conditions are met, a refundable advance is recorded which is classified as a liability in the statements of financial position.

Leases

In accordance with Financial Accounting Standards Board (the FASB) Accounting Standards Codification (ASC) 842, *Leases*, leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period of time in exchange for consideration. At the inception of the contract, the Foundation determines if an arrangement contains a lease based on whether there is an identified asset and whether the Foundation controls the use of the identified asset. The Foundation also determine whether the lease classification is an operating or financing lease at the commencement date.

A right-of-use asset represents the Foundation's right to use an underlying asset and a lease liability represents the Foundation's obligation to make payments during the lease term. Right-of-use assets are recorded and recognized at commencement for the lease liability amount, adjusted for initial direct costs incurred and lease incentives received. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Foundation's leases are not readily determinable; therefore, the Foundation has elected to use a risk-free discount rate at the lease commencement date.

The Foundation's real estate operating leases typically include non-lease components such as operating costs and charges. The Foundation has elected to include non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed. Non-lease components that are neither fixed nor variable based on an index or rate are expensed as incurred as variable lease payments.

As a matter of policy, the Foundation has elected to exclude leases with terms of 12 months or less (short-term) from the statements of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease. The Foundation did not have any short-term leases as of December 31, 2025 and 2024.

Classification of Net Assets

The Foundation's net assets have been grouped into the following classes:

Without Donor Restrictions

Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

With Donor Restrictions

Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when the stipulated time period has elapsed, the stated purpose has been fulfilled, or both.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Revenue Recognition

Contributions

Contributions and unconditional grants which includes non-federal grants, including unconditional promises to give, are recognized in the period received in accordance with FASB ASC 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. All contributions are considered to be without donor restrictions unless specifically restricted by the donor. Contributions reported as with donor restrictions are those received with donor stipulations that limit their use for specific purposes or are subject to time restrictions. A donor restriction expires when the purpose of the contribution is accomplished, or a stipulated time restriction ends. If the restrictions are met within the same year that the contribution was received, the revenue is classified as without donor restrictions.

Contributions receivable are reported at fair value, which is net of estimated uncollectable amounts. An allowance for doubtful receivables is recorded based on aging of contributions receivable, past collection history, donors payment history and expected credit losses. Contributions that are expected to be collected in more than one year are recorded as the present value for the estimated future cash flows. Subsequent changes in this discount resulting from the passage of time are accounted for as contributions in subsequent years.

Contributed non-financial assets are recorded at fair value when received.

Donated Stock

Donated or contributed stock is recorded at fair value when received. The Foundation has a policy to liquidate contributed stocks immediately upon receipt to reduce exposure to market volatility.

Federal and Multilateral Grants

Grants awarded by federal and multilateral agencies are generally considered nonreciprocal transactions restricted by the awarding agency for certain purposes, and revenue is recognized when qualifying expenditures are incurred and conditions under the grant agreements are met. Allowable expenses incurred in excess of cumulative reimbursements are reported as donor agency receivables. Cash received in excess of allowable expenditures incurred is reported as refundable advances.

During 2025, the Foundation's federal grant awards were terminated. Accordingly, as of December 31, 2025, there were no remaining available award balances on federal grants. The remaining available award balances on the multilateral grants of \$42,638,234 and \$62,459,190, respectively, as of December 31, 2025 and 2024. These award balances are not recognized as assets and will be recognized as revenue as the project progress and conditions are met, generally as expenses are incurred.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Other Income

Other income also includes changes in the cash surrender value of life insurance policies, net of premiums paid during the year.

Contributed Nonfinancial Assets

Contributions of nonfinancial assets recognized in the statements of activities, none of which had donor-imposed restrictions, include the following:

December 31,	2025	2024
Artwork	\$ 85,000	\$ -
Land	-	1,998,000
Buildings	-	6,762,000
Total Nonfinancial Contributions	\$ 85,000	\$ 8,760,000

During 2025, the Foundation received contributed artwork to be displayed in a community center. The artwork was valued at fair value using a sales comparison approach based on an independent appraisal. During 2024, the Foundation received contributed land and buildings to be used as community centers. The land and buildings were valued at fair value based on independent appraisals using recent comparable sales in the applicable real estate markets.

A substantial number of volunteers have donated significant amounts of time to the Foundation's program services, goals, and objectives. Although the value of these services is significant, the Foundation does not record such value in its financial statements since the criteria for recognition is not met in accordance with GAAP.

Fair Value Measurements

The Foundation follows FASB ASC Topic 820, *Fair Value Measurements*. ASC 820 establishes a common definition for fair value to be applied under GAAP requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements.

ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. Measurement date is the date of the financial statements. ASC 820 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that observable inputs be used when available.

Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Foundation. Unobservable inputs are inputs that reflect the Foundation's estimates about the assumptions market participants would use in pricing the asset or liability developed based on the best information available under the circumstances.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

- Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.
- Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are directly or indirectly observable.
- Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Income Taxes

The Foundation is generally exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code (the IRC). In addition, the Foundation qualifies for charitable contribution deductions and has been classified as an organization that is not a private foundation. Business income which is not related to exempt purposes, less applicable deductions, is subject to federal and state corporate income taxes. There was no tax liability for unrelated business income for the years ended December 31, 2025 and 2024.

Management evaluated the Foundation's tax positions and concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Generally, the Foundation is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2022.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Expenses that can be identified with a specific program or support service are charged directly according to their natural expenditure classifications. Management and general expenses include those costs that are not directly identifiable with any specific function, but which provide for the overall support and direction of the Foundation. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Occupancy and other support costs are allocated to various functions based on the staff count. The statements of functional expenses present the natural classification detail of expenses by function.

Functional costs are defined by their purpose:

International programs relate to expenses incurred to provide grant funds to various programs in order to achieve the Foundation's programmatic goals.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Community centers development program relates to expenses incurred to develop and maintain various Foundation properties often referred as community centers.

Management and general expenses relate to expenses incurred by the Foundation's office for administration of the various programs and to manage operations of the Foundation.

Fundraising activities relate to direct costs to solicit gifts for the Foundation and to carry out events related to fundraising and public education.

3. Liquidity and Availability of Resources

The Foundation's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

December 31,	2025	2024
Cash and cash equivalents	\$ 8,913,470	\$ 9,528,115
Investments	101,395,919	140,640,887
Accounts receivable and other current assets	3,282,484	4,038,580
Donor agency receivables	1,745,199	1,495,220
Receivables from affiliates	3,158,769	6,323,530
Notes receivable from related parties	11,606,068	12,470,695
Contributions receivable, net	29,681,147	38,747,508
Total Financial Assets	159,783,056	213,244,535
Less: amounts unavailable for general expenditures within one year, due to:		
Notes receivable due in more than one year	(10,737,950)	(11,606,060)
Net assets with donor restrictions	(32,272,843)	(172,932,962)
Other Illiquid investments	(2,151,974)	(7,110,057)
Amounts held for others	(1,306,578)	(1,251,925)
Total Amounts Unavailable for General Expenditures within One Year	(46,469,345)	(192,901,004)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 113,313,711	\$ 20,343,531

As of December 31, 2025, there were no net assets with donor restrictions related to construction-in-progress, as the construction project was completed during 2025 resulting in \$136.8 million being released from donor restrictions. As of December 31, 2024, net assets with donor restrictions included \$113.1 million related to construction-in-progress.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Foundation maintains cash and cash equivalents and investments at high liquidity to provide for resources for the purposes of programming, leveraging and co-financing external funding at any given point in time.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

4. Notes Receivable from Related Parties

The Foundation issued a note (loan) in the amount of \$7,500,000 to Aga Khan Hospital and Medical College Foundation to advance its charitable mission by increasing the quality of and access to medical care and education in Pakistan. The loan matures on October 1, 2033 and principal payments (semi-annual payments) of \$258,621 are due in April and October beginning October 2019. Interest is at 1% per annum. The outstanding balance of the note as of December 31, 2025 and 2024 is \$4,137,932 and \$4,655,173, respectively. See note 10.

The Foundation issued a note (loan) in the amount of \$7,500,000 to University of Central Asia for a construction project in Tajikistan. The loan matures on October 1, 2042 and principal and interest payments (semi-annual payments) of \$207,341 are due in April and October of each year. Interest is at 1% per annum. The note required Interest only payments through October 2022, with principal repayments commencing on April 1, 2023. The outstanding balance of the note as of December 31, 2025 and 2024 is \$6,468,136 and \$6,815,522, respectively. See note 10.

The Foundation issued a loan of \$1,000,000 to the First Microfinance Bank of Tajikistan to provide access to financing for individuals and enterprises aimed at poverty alleviation. Interest only payments are to be paid in December each year. The loan matured on September 30, 2023, and a new sub-loan agreement was signed to extend the loan for five years. The new maturity date is September 30, 2028, and it is to be repaid in a single lump sum upon final maturity. The interest rate is set at 2.64% per annum. The outstanding balance was \$1,000,000 as of December 31, 2025 and 2024. See note 10.

The Foundation reviews the notes receivable annually for impairment. No indicators of impairment were identified as of December 31, 2025 and 2024.

5. Investments

The following table sets forth those financial assets that are recorded at fair value on a recurring basis according to the hierarchy described in ASC 820, as of December 31, 2025:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 19,505,000	\$ -	\$ 19,505,000
Corporate bonds		4,500,000	-	4,500,000
U.S. Treasury securities	33,234,493	-	-	33,234,493
Total	\$ 33,234,493	\$ 24,005,000	\$ -	\$ 57,239,493

Aga Khan Foundation U.S.A.

Notes to Financial Statements

The following table sets forth those financial assets that are recorded at fair value on a recurring basis according to the hierarchy described in ASC 820, as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 94,633,000	\$ -	\$ 94,633,000
Corporate bonds	-	1,989,628	-	1,989,628
U.S. Treasury securities	15,534,999	-	-	15,534,999
Total	\$ 15,534,999	\$ 96,622,628	\$ -	\$ 112,157,627

The Foundation's certificates of deposit, corporate bonds, and U.S. Treasury securities are priced based on their stated interest rates and quality ratings.

In September 2012, the Foundation entered into a shareholder agreement with First Microfinance Bank of Afghanistan ("FMFB"). The Foundation made an initial investment of \$2,499,952 to acquire an equity ownership of 11.9% representing 10,504 shares. The Foundation records the investment using the equity method, reviewing the investment annually for impairment. The investment is adjusted annually for the Foundation's proportionate share of the bank's earnings or losses. For the years ended December 31, 2025 and 2024, the Foundation did not record the proportionate share of the bank's profit (loss), as the amount was not material. In 2022, the investment was written down by \$1,745,436. The total investment in FMFB amounted to \$151,947 for each the years ended December 31, 2025 and 2024.

In July 2025, the Foundation entered into a Series A Preferred Stock Purchase Agreement with Equatic Inc. ("Equatic") and purchased Series A-1 preferred stock for an aggregate purchase price of \$2,000,000. The investment is in a privately held company and is subject to customary investor rights and transfer restrictions.

Cash included with investments totaling \$42,004,479 and \$28,331,313 at December 31, 2025 and 2024, respectively, is not included in the above fair value tables as it is recorded at cost.

The following sets forth the reconciliation of investment balances to the accompanying statements of financial position as of December 31, 2025 and 2024, respectively:

	2025	2024
Investments per fair value table	\$ 57,239,493	\$ 112,157,627
Investment in FMFB	151,947	151,947
Investment in Equatic Inc.	2,000,000	-
Cash and cash equivalents	42,004,479	28,331,313
Total Investments	\$ 101,395,919	\$ 140,640,887

Aga Khan Foundation U.S.A.

Notes to Financial Statements

6. Contributions Receivable

Contributions receivable as of December 31, 2025 and 2024, were due as follows:

	2025	2024
Amounts due in:		
Less than one year	\$ 51,728,572	\$ 60,702,981
One to five years	2,869,802	2,909,226
Total contributions receivable	54,598,374	63,612,207
Less: present value component of discounts (discounted at rates between 0.58% and 6.54%)	(291,351)	(309,318)
Allowance for doubtful contributions	(24,625,876)	(24,555,381)
Total Contributions Receivable, Net	\$ 29,681,147	\$ 38,747,508

Within the “due in less than one year” category of contributions receivable, approximately \$43 million and \$49 million as of December 31, 2025 and 2024, respectively, relate to two separate fundraising campaigns that occurred in fiscal years 2019 and 2007. Management continues to actively pursue collection of these outstanding balances; however, the age of the related receivables increases collectability risk. Accordingly, management has recorded an allowance for doubtful contributions related to these two fundraising campaigns of approximately \$21 million as of December 31, 2025 and 2024.

The remaining allowance for doubtful contributions is based on management’s assessment of the collectability of contributions recorded in the ordinary course of business.

7. Fixed Assets

Fixed assets as of December 31, 2025 and 2024 consist of the following:

	2025	2024
Property held for charitable purposes:		
Land	\$ 77,996,766	\$ 78,016,354
Buildings and improvements	356,936,412	80,393,472
Artwork	447,198	-
Furniture, fixture and equipment	4,010,847	47,648
Construction-in-progress	1,726,750	248,317,803
Total fixed assets	441,117,973	406,775,277
Less: accumulated depreciation and amortization	(38,772,757)	(35,561,298)
Total Fixed Assets, Net	\$ 402,345,216	\$ 371,213,979

Aga Khan Foundation U.S.A.

Notes to Financial Statements

Depreciation and amortization expense totaled \$3,211,459 and \$3,041,434 for the years ended December 31, 2025 and 2024, respectively.

During 2025, construction of the Ismaili Center Houston was completed, and the related costs were transferred from construction-in-progress to buildings, artwork, and furniture, fixtures, and equipment when the related asset were placed in service.

8. Leases

The Foundation's operating lease consists of lease for its office space. The office lease expires on March 31, 2031.

The Foundation's real estate lease contains variable costs for expense which are not based on an index or rate. These variable lease payments are determined based on actual expenses incurred by the lessor and passed to the Foundation on a periodic basis. The Foundation expenses these non-lease components as incurred.

The real estate lease includes a termination option, available at the Foundation's discretion. Because the Foundation is not reasonably certain to exercise this option, the Foundation has included the payments associated with the original term of the lease in the right-of-use assets and liability. There is no renewal option for the real estate lease.

Operating and variable expenses included the statements of activities for the year ended December 31, 2025 and 2024, which is included in "Occupancy" in the statements of functional expenses are as follows:

	2025	2024
Operating lease expenses	\$ 301,957	\$ 307,698
Variable lease expenses	4,235	4,843
Total Lease Expenses	\$ 306,192	\$ 312,541

The weighted-average remaining lease term and discount rate related to the Foundation's lease liabilities as of December 31, were as follows:

	2025	2024
Weighted average remaining lease term	5.25 years	6.25 years
Weighted average discount rate	1.80%	1.76%

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Aga Khan Foundation U.S.A.

Notes to Financial Statements

Future maturities of lease liabilities are as follows:

Years ending December 31,

2026	\$	308,039
2027		315,726
2028		323,617
2029		331,710
2030		340,008
Thereafter		93,772
<hr/>		
Total lease payments		1,712,872
<hr/>		
Less: imputed interest		(66,754)
<hr/>		
Total Lease Liabilities	\$	1,646,118

9. Commitments and Contingencies

Grant Commitments

The Foundation's Board of Directors approves annual and multi-year grants for programs in support of its tax-exempt purposes. These programs are supported by grants received from donor agencies. Future commitments are approximately \$42 million and \$55 million at December 31, 2025 and 2024, respectively. Such amounts are not recorded as liabilities in the statements of financial position because the commitments are deemed conditional based on the underlying agreements' terms and conditions. Accordingly, the Foundation records grant expense and the related liability only when the contractual conditions are substantially met and the obligation becomes unconditional.

10. Related-Party Transactions

For certain awards, the Foundation provides sub-agreements to other AKDN agencies to implement a portion of the grant activities. Expenses from sub-agreements are recognized as the related reimbursable expenses are incurred by these agencies. Funds advanced by the Foundation to these agencies in excess of the AKDN agencies cumulative expenses are reported as a receivable from affiliates; AKDN agencies cumulative expenses in excess of funds provided by the Foundation are reported as payable to affiliates.

As of December 31, 2025 and 2024, amounts payable to affiliates totaled \$9,432,504 and \$12,584,756, respectively. As of December 31, 2025 and 2024, amounts receivable from affiliates totaled \$3,158,769 and \$6,323,530, respectively.

In 2012, the Foundation entered into a shareholder agreement with the First Microfinance Bank of Afghanistan in which the Foundation made an initial investment of \$2,499,952 to acquire an equity ownership of 11.9% representing 10,504 shares. The fair value of the investment as of December 31, 2025 and 2024 totaled \$151,947, respectively. The First Microfinance Bank of Afghanistan is an agency of AKDN. See Note 5.

Aga Khan Foundation U.S.A.

Notes to Financial Statements

The Foundation has outstanding notes (loans) due from various agencies of AKDN (see Note 4). The total outstanding balances of these notes as of December 31, 2025 and 2024 is \$11,606,068 and \$12,470,695, respectively.

11. Retirement Plan

The Foundation has a defined contribution retirement plan (the Plan). All employees who meet the eligibility requirements can participate in the Plan. Under the Plan, the Foundation makes contributions based on a percentage of the payroll of those employees who participate in the Plan. Contributions recorded to the Plan totaled \$226,219 and \$174,819 for the years ended December 31, 2025 and 2024, respectively.

12. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2025 and 2024, consist of the following:

	2025	2024
Contributions due in future periods for general operations	\$ 29,681,147	\$ 37,313,015
Contributions purpose restricted for other projects	2,591,696	3,316,069
Contributions purpose restricted for Ismaili Center Houston	-	132,303,878
	\$ 32,272,843	\$ 172,932,962

For the year ended December 31, 2025, the Foundation released funds of \$21,562,143 due to the time restriction being fulfilled for general operations, \$136,829,209 for the purpose restriction being fulfilled for Ismaili Center Houston, and \$2,652,593 for other projects, for total releases of \$161,043,945. For the year ended December 31, 2024, the Foundation released funds of \$12,805,804 due to the time restriction being fulfilled for general operations and \$3,920,789 for the purpose restriction being fulfilled for other projects, for total releases of \$16,726,593. In accordance with Topic 958 *Not-For-Profit Entities*, the contributions restricted for the Ismaili Center Houston, reclassified to net assets without donor restrictions as the building was placed into service, during the year ended December 31, 2025.

13. Subsequent Events

The Foundation evaluated subsequent events through April 29, 2026 which is the date the financial statements were available to be issued. The Foundation is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

Schedule of Expenditures of Federal Awards

Aga Khan Foundation U.S.A
Schedule of Expenditures of Federal Awards

Year ended December 31, 2025

<i>Federal Grantor/Pass-through Grantor/Program or Cluster Title</i>	Federal Assistance Listing Number	Grant Award Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
U.S. Agency for International Development (USAID)					
USAID Direct Awards:					
Local Impact: A Transformative New Partnership in Africa and Asia	98.001	7200AA19LE00002	N/A	\$ 41,464	\$ 749,718
Climate Smart Water, Sanitation and Hygiene (WASH) Activity	98.001	7200924LA00001	N/A	-	223,949
Collaborative Opportunities for Climate Resilience, Empowerment, and Transformation through Education	98.001	7200AA23CA00034	N/A	17,388	81,777
WE CARE: Women's Empowerment - Creating Accessibility for Resilient Entrepreneurs Activity	98.001	7200AA19LE00001	N/A	65,498	274,060
Total USAID Direct Awards				124,350	1,329,504
USAID Pass-Through Awards:					
CSM-STAND - Asia/EE/LAC Leader Award Activities	98.001	7200AA21LE00006	000-015797	-	10,293
CSM-STAND - Africa, MENA Leader Award Activities	98.001	7200AA21LE00004	000-015576	-	9,909
Improved Learning Outcomes for Asia (ILOA)	98.001	1-330-0218825-67108L	888-14-20-45	-	19,614
Strengthening Youth and Women's Civic Participation	98.001	7200AA23CA00034	211-018883	4,634	10,162
Total USAID Pass-Through Awards				4,634	49,978
Total U.S. Agency for International Development				128,984	1,379,482
U.S. Department of State (DOS)					
DOS Direct Awards:					
Creative Employment Solutions for Afghan Women (CESAW)	19.501	SAF20024GR0007	N/A	-	1,603
Women Expanding their Business (WEB)	19.501	SAF20024GR0006	N/A	-	2,347
AWEE Afghanistan	19.501	SAF20023GR0007	N/A	-	25,008
Total DOS Direct Awards				-	28,958
Total Expenditures of Federal Awards				\$ 128,984	\$ 1,408,440

See accompanying notes to Schedule of Expenditures of Federal Awards.

Aga Khan Foundation U.S.A.

Notes to the Schedule of Expenditures of Federal Awards Year Ended December 31, 2025

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of **Aga Khan Foundation U.S.A.** (the “Foundation”) under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Foundation, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Foundation.

Amounts provided to subrecipients shown separately on the Schedule are also a component of the federal expenditures presented.

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Foundation elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance and 15-percent for new awards or amendments on or after October 1, 2024.

**Independent Auditor's Reports Required by
Government Auditing Standards
and the Uniform Guidance**

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Directors
Aga Khan Foundation U.S.A.
Washington D.C.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Aga Khan Foundation U.S.A. (Foundation), which comprise the Foundation's statement of financial position as of December 31, 2025, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The



results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Foundation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

McLean, Virginia
April 29, 2026



Independent Auditor’s Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors
Aga Khan Foundation U.S.A.
Washington D.C.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Aga Khan Foundation U.S.A.’s (the Foundation) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Foundation’s major federal program for the year ended December 31, 2025. The Foundation’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2025.

Basis for Opinion on Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinions on compliance for major federal program. Our audit does not provide a legal determination of the Foundation’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Foundation’s federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Foundation's compliance with the requirements of major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

BDO USA, P.C.

McLean, Virginia
April 29, 2026

Aga Khan Foundation U.S.A.

Schedule of Findings and Questioned Costs Year Ended December 31, 2025

Section I - Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major federal program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None reported

Type of auditor's report issued on compliance for the major federal program:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of the major federal program:

Assistance Listing Number

Name of Federal Program or Cluster

98.001

U.S. AID Foreign Assistance for Programs Overseas

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,000,000

Auditee qualified as low-risk auditee?

X Yes _____ No

Aga Khan Foundation U.S.A.

Schedule of Findings and Questioned Costs Year Ended December 31, 2025

Section II - Financial Statement Findings

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted government auditing standards (GAGAS).

Section III - Federal Award Findings and Questioned Costs

There were no findings or questioned costs for Federal awards (as defined in 2 CFR 200.516(a)) that are required to be reported.