Heart to Heart International, Inc.

Consolidated Financial Report
December 31, 2025

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RSM US LLP

Independent Auditor's Report

Board of Directors
Heart to Heart International, Inc.

Opinion

We have audited the consolidated financial statements of Heart to Heart International, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2025 and 2024, the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization 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). 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 Organization 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 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.

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In performing an audit in accordance with GAAS, 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 Organization'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 Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements, as a whole. The consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual companies 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. The consolidating 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
April 1, 2026

Heart to Heart International, Inc.

Consolidated Statements of Financial Position
December 31, 2025 and 2024

	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	**$ 5,625,517**	$ 8,690,388
Accounts receivable	**61,003**	110,344
Bequest receivable	**806,782**	-
Pledges receivable, current portion	**288,580**	45,000
Inventory	**46,002,922**	2,883,318
Other current assets	**100,672**	111,152
Total current assets	**52,885,476**	11,840,202
Pledges receivable, less current portion, net of discount	**450,587**	16,982
Investments	**9,413,405**	6,340,654
Property and equipment, net of accumulated depreciation	**8,950,849**	9,271,393
Total assets	**$ 71,700,317**	$ 27,469,231
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	**$ 260,824**	$ 60,647
Accrued liabilities	**207,361**	205,175
Deferred revenue	**1,776,685**	319,945
Total current liabilities	**2,244,870**	585,767
Total liabilities	**2,244,870**	585,767
Net assets without donor restrictions	**68,399,916**	25,537,174
Net assets with donor restrictions	**1,055,531**	1,346,290
Total net assets	**69,455,447**	26,883,464
Total liabilities and net assets	**$ 71,700,317**	$ 27,469,231

See notes to consolidated financial statements.

Heart to Heart International, Inc.

Consolidated Statements of Activities
Years Ended December 31, 2025 and 2024

	2025	2024
Support and revenue without donor restrictions:		
Contributions of nonfinancial assets—pharmaceutical and other	**$ 337,158,509**	$ 220,640,133
Contributions	**3,955,845**	6,705,710
Contributions of nonfinancial assets—shipping	**693,689**	1,343,588
Program revenue	**2,497,965**	1,440,348
Investment income, net	**948,151**	571,437
Gain on disposal of assets	**9,456**	52,908
Other income	**24,742**	860,018
Net assets released from restrictions	**3,217,226**	1,420,164
Total support and revenue without donor restrictions	**348,505,583**	233,034,306
Expenses:		
Program services—international	**285,070,898**	267,223,478
Program services—domestic	**15,676,305**	13,500,503
Total program services	**300,747,203**	280,723,981
General and administrative	**2,469,108**	1,506,100
Fundraising public relations	**1,265,816**	1,128,070
Total supporting services	**3,734,924**	2,634,170
Total expenses	**304,482,127**	283,358,151
Inventory valuation adjustment	**(127,850)**	(4,404,724)
Changes in net assets without donor restrictions	**43,895,606**	(54,728,569)
Net assets with donor restrictions:		
Contributions	**1,522,476**	2,046,459
Contributions of nonfinancial assets—airfare and services	**371,127**	77,163
Net assets released from restrictions	**(3,217,226)**	(1,420,164)
Changes in net assets with donor restrictions	**(1,323,623)**	703,458
Changes in net assets	**42,571,983**	(54,025,111)
Net assets:		
Beginning	**26,883,464**	80,908,575
Ending	**$ 69,455,447**	$ 26,883,464

See notes to consolidated financial statements.

Heart to Heart International, Inc.

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025

	Program Services					
	International Projects	Domestic Projects	Total Program	General and Administrative	Fundraising	Total
Purchased and distributed aid	$ 768,888	$ 838,283	$ 1,607,171	$ -	$ -	$ 1,607,171
Donated medical and other services	235,371	33,511	268,882	-	68,800	337,682
Donated shipping	278,712	414,772	693,484	205	-	693,689
Donated airfare	33,445	-	33,445	-	-	33,445
Insurance	46,669	52,629	99,298	67,903	30,050	197,251
Fees and bank charges	1,751	213	1,964	5,960	50,298	58,222
Maintenance and repairs	26,544	30,072	56,616	135,075	9,955	201,646
Medical and contract services	6,827	66,379	73,206	15,934	30,149	119,289
Office	177,448	147,640	325,088	275,339	119,169	719,596
Postage and shipping	177,405	219,899	397,304	2,410	26,320	426,034
Printing	1,796	2,401	4,197	26	45,742	49,965
Professional fees	24,636	42,312	66,948	333,714	32,522	433,184
Publicity	2,215	6,407	8,622	367	111,649	120,638
Salaries and benefits	801,077	1,325,275	2,126,352	1,524,796	705,252	4,356,400
Special events	-	4,447	4,447	25	5,538	10,010
Staff development	743	3,517	4,260	5,197	1,111	10,568
Telephone	7,545	22,311	29,856	12,337	6,134	48,327
Travel and meals	172,308	238,059	410,367	18,095	9,654	438,116
Other	-	375	375	50,169	-	50,544
Expenses before depreciation and gifts-in-kind distribution	2,763,380	3,448,502	6,211,882	2,447,552	1,252,343	9,911,777
Depreciation	323,344	315,260	638,604	21,556	13,473	673,633
Gifts-in-kind distribution	281,984,174	11,912,543	293,896,717	-	-	293,896,717
Total expenses	$ 285,070,898	$ 15,676,305	$ 300,747,203	$ 2,469,108	$ 1,265,816	$ 304,482,127
Percent of total	93.62%	5.15%	98.77%	0.81%	0.42%	100%
Inventory valuation adjustment	$ 115,947	$ 11,903	$ 127,850	$ -	$ -	$ 127,850

See notes to consolidated financial statements.

Heart to Heart International, Inc.

Consolidated Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services					
	International Projects	Domestic Projects	Total Program	General and Administrative	Fundraising	Total
Distributed aid	$ 741,699	$ 588,999	$ 1,330,698	$ -	$ -	$ 1,330,698
Donated medical and other services	4,842	59,864	64,706	-	-	64,706
Donated shipping	558,469	785,119	1,343,588	-	-	1,343,588
Donated airfare	-	12,457	12,457	-	-	12,457
Insurance	63,696	72,850	136,546	242	33,367	170,155
Fees and bank charges	30,000	13,021	43,021	20,268	53,115	116,404
Maintenance and repairs	54,226	75,057	129,283	16,004	27,084	172,371
Medical and contract services	589,085	110,176	699,261	60,204	53,575	813,040
Office	197,603	138,230	335,833	49,082	142,085	527,000
Postage and shipping	157,893	121,900	279,793	-	24,167	303,960
Printing	-	6,072	6,072	-	51,581	57,653
Professional fees	24,686	27,541	52,227	4,754	15,496	72,477
Publicity	374	8,920	9,294	-	27,414	36,708
Salaries and benefits	942,283	1,379,673	2,321,956	1,066,613	660,387	4,048,956
Special events	-	5,680	5,680	103	14,760	20,543
Staff development	1,798	207	2,005	6,827	268	9,100
Telephone	12,137	28,257	40,394	955	7,096	48,445
Travel and meals	362,727	237,817	600,544	3,465	7,675	611,684
Other	-	2,610	2,610	-	10,000	12,610
Expenses before depreciation and gifts-in-kind distribution	3,741,518	3,674,450	7,415,968	1,228,517	1,128,070	9,772,555
Depreciation	326,402	12,866	339,268	277,583	-	616,851
Gifts-in-kind distribution	263,155,558	9,813,187	272,968,745	-	-	272,968,745
Total expenses	$ 267,223,478	$ 13,500,503	$ 280,723,981	$ 1,506,100	$ 1,128,070	$ 283,358,151
Percent of total	94.31%	4.76%	99.07%	0.53%	0.40%	100.00%
Inventory valuation adjustment	$ 4,402,567	$ 2,157	$ 4,404,724	$ -	$ -	$ 4,404,724

See notes to consolidated financial statements.

Heart to Heart International, Inc.

Consolidated Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash flows from operating activities:		
Changes in net assets	**$ 42,571,983**	$ (54,025,111)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	**673,633**	616,851
Change in pledge receivable discount	**36,207**	3,018
Realized/unrealized gain on investments	**(553,435)**	(119,584)
Gain on sale of assets	**(9,456)**	(52,908)
Decrease (increase) in operating assets:		
Inventory	**(43,119,604)**	56,697,647
Accounts receivable	**49,341**	17,189
Bequest receivable	**(806,782)**	-
Pledges receivable	**(713,392)**	(55,000)
Other current assets	**10,480**	105,265
Increase (decrease) in operating liabilities:		
Accounts payable	**200,177**	(40,219)
Accrued liabilities	**2,186**	44,193
Deferred revenue	**1,456,740**	(9,748)
Net cash (used in) provided by operating activities	**(201,922)**	3,181,593
Cash flows from investing activities:		
Purchase of certificate of deposit	**-**	(22,251)
Proceeds from redemption of certificate of deposit	**-**	532,296
Proceeds from sale of assets, net	**17,000**	59,947
Purchase of investments	**(14,275,384)**	(6,299,031)
Proceeds from sale of investments	**11,756,068**	77,961
Purchase of property and equipment	**(360,633)**	(228,183)
Net cash (used in) investing activities	**(2,862,949)**	(5,879,261)
Net change in cash and cash equivalents	**(3,064,871)**	(2,697,668)
Cash and cash equivalents:		
Beginning	**8,690,388**	11,388,056
Ending	**$ 5,625,517**	$ 8,690,388
Supplemental disclosures of cash flow information:		
Contributed inventory	**$ 337,158,509**	$ 220,640,133
Inventory valuation adjustment	**$ (127,850)**	$ (4,404,724)

See notes to consolidated financial statements.

Note 1. Nature of Activities and Significant Accounting Policies

Organization: Heart to Heart International, Inc. (the Organization), a Kansas nonprofit corporation, provides crisis response assistance and specific ongoing health care support to communities in need, domestically and internationally. The Organization actively engages the services of volunteers through its initiatives, and it distributes medical supplies, pharmaceuticals and other products to other relief agencies and communities in need.

The Organization's donor base for cash contributions primarily consists of individuals, businesses, civic groups and foundations located throughout the United States. Gifts-in-kind are also received primarily from medical supply and pharmaceutical companies located throughout the United States.

In November 2018, the Heart to Heart International Foundation (HHIF) received a determination from the Internal Revenue Service that, effective from August 2017, it is classified under Internal Revenue Code (IRC) section 501(c)(3) as a public charity. HHIF is a Type 1 supporting organization under IRC section 509(a)(3), meaning, it is operated, supervised or controlled by another public charity, in this case, Heart to Heart International, Inc. HHIF is qualified to receive tax-deductible bequests, devises, transfers or gifts, and became operational in 2019. In May 2025, the Board of Directors approved dissolution of HHIF and liquidated all assets in May 2025. Net proceeds of $1,138,057 were transferred to the Organization in accordance with HHIF's governing documents and applicable restrictions. There were no restricted funds at December 31, 2025 or 2024.

In 2019, the Organization launched RegaloRx, a section 501(c)(3) organization, to operate a nonprofit patient assistance program. RegaloRx received a determination from the Internal Revenue Service that, effective from February 2019, it is classified under IRC section 501(c)(3) as a public charity described in section 509(a)(2). The profits of RegaloRx were intended to be used to support the Organization. Effective September 29, 2023, a third party purchased certain assets and liabilities of RegaloRx. Investments of $500,000 were liquidated and transferred to the Organization for the year ended December 31, 2025.

Principles of consolidation: The accounts of HHIF, Heart to Heart International, Inc. and RegaloRx (collectively, the Organization) are included in the consolidation as the organizations meet the criteria for consolidation under Financial Accounting Standards Board Accounting Standards Codification (ASC) Subtopic 958-810, Consolidation for Not-for-Profit Organizations. Under this standard, the presentation of combined or consolidated financial statements is required when certain elements of control and economic interest, as defined in the statement, exist between nonprofit organizations. Although the organizations operate as separate legal entities, consolidated financial statements have been presented to comply with accounting principles generally accepted in the United States of America (U.S. GAAP). Balances and significant transactions between the organizations, if any, have been eliminated in the consolidation.

A summary of the Organization's significant accounting policies follows:

Basis of accounting: The Organization's consolidated financial statements (collectively, the financial statements) are prepared on the accrual basis of accounting.

Basis of presentation: The consolidated financial statement presentation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profits Entities Topic of FASB ASC, the Organization is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Net assets without donor restrictions: Net assets held for operations include amounts not restricted by donors and, therefore, available for the general operations of the Organization or designation by the board of directors.

Net assets with donor restrictions: Net assets that include amounts that are donor restricted by specified time or purpose limitations or must be maintained in perpetuity by the Organization.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and cash equivalents: Cash and cash equivalents consist of available cash balances on deposit at financial institutions and short-term money market investments, as well as short-term highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less.

Concentration of credit risk: The Organization occasionally maintains cash balances in excess of federally insured amounts. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Investments: Investments are recorded at fair value. Fair value is determined by quoted market prices or other observable market inputs.

Investment risk: The Organization invests in a professionally management portfolio. Such investments are exposed to various risks such as interest rate, market and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would materially affect investment balances and the amounts reported in the financial statements.

Bequest receivable: The Organization records bequests as contribution revenue and receivables when the donor's death has occurred, the bequest is irrevocable, and the amount is reasonably estimable. Bequest receivables are measured at their estimated realizable value, net of expected probate costs and uncertainties.

At December 31, 2025, the Organization recorded a bequest receivable of $806,782, which is expected to be collected within one year. Management believes the receivable is fully collectable based on information provided by the estate's executor and subsequent events.

Income taxes: As nonprofit organizations described in IRC section 501(c)(3), Heart to Heart International, Inc., HHIF and RegaloRx are exempt from federal and state income taxes, except on unrelated business income, under section 501(a). The organizations have been determined to not be private foundations and are classified as public charities.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Unrelated business income tax, if any, is immaterial to the accompanying financial statements. Accordingly, no provision has been made for federal income tax. The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, believes it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization. No accrual has been recorded at December 31, 2025 and 2024, as management does not believe any material uncertainties exist.

Inventory: Purchased inventory is recorded at the lower of cost or market and is valued on a first-in, first-out basis. Donated inventory is recorded at the estimated fair value of the donated goods at the date of donation.

During the years ended December 31, 2025 and 2024, medical donated inventory was recorded at fair value using the wholesale acquisition cost (WAC) method at the date of donation. WAC is defined in federal law as the manufacturer's list price for the drug to wholesalers or direct purchases, not including prompt pay or other discounts, rebates or reductions, for the most recent month for which information is available. The Organization uses a data tool developed by First Databank, an international provider of data for pharmaceutical products and services, to obtain the WAC for medical donated inventory received. The value of the donated inventory used during the year is determined using the WAC method. The inventory is not available for sale.

For both the years ended December 31, 2025 and 2024, nonmedical donated inventory was estimated at fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market, considering their condition and utility for use at the time the goods are donated. The inventory is not available for sale.

The Organization recorded inventory valuation adjustments that were $127,850 and $4,404,724 for the years ended December 31, 2025 and 2024, respectively. For the years ended December 2025 and 2024, valuation inventory adjustments are approximately 0% and 2.0%, respectively, of contributions of nonfinancial assets.

Property and equipment: Property and equipment is stated at cost, if purchased, or the fair market value at date of gift for donated assets, less accumulated depreciation. If a donor stipulates how long the assets must be used, the contribution is recorded as restricted support. In the absence of such stipulation, a contribution of property and equipment is recorded as unrestricted support. The Organization capitalizes all property and equipment purchases over $5,000 with a useful life of one year or more. Maintenance and repairs are charged to expense as incurred. When items of property and equipment are sold or retired, the related cost is removed from the accounts and any gain or loss is included in the results of operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Estimated Useful Lives
Buildings	39 years
Building improvements	5-10 years
Furniture and equipment	5-10 years
Computer equipment and software	3-5 years
Vehicles	3-10 years

Note 1. Summary of Significant Accounting Policies (Continued)

Contributions of nonfinancial assets—shipping: The Organization recorded $693,689 and $1,343,588 in shipping expense for overseas and domestic freight for the years ended December 31, 2025 and 2024, respectively. The contributions of nonfinancial assets—shipping is also included as revenue in support and revenue without donor restrictions.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make 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. The significant estimates used in the Organization's financial statements include the valuation of gifts-in-kind contributions and related inventory, obsolete inventory, the allocation of expenses on a functional basis to various program services and supporting activities, fair value of investments, and the estimated useful lives used to depreciate property and equipment.

Revenue recognition: Cash and contributions of nonfinancial assets are received from individuals, as well as domestic and multinational organizations. These contributions, including unconditional promises, are recognized as revenues when the donor's unconditional commitment is received. All contributions are considered to be without donor restriction unless specifically restricted by the donor. Conditional promises to give are recognized only when the conditions on which they depend are substantially met.

Revenue is recognized from sales of products when the performance obligations of transferring the products is met. Payments are required at the time of sale. Amounts received in advance are deferred to the applicable period. All goods are transferred at a point in time.

A number of unpaid volunteers have made significant contributions of their time to the activities of the Organization without compensation. The Organization receives many volunteer hours from a variety of skilled personnel, such as doctors, nurses and other specialists. The value of these donated services that meets the criteria for recognition is reported as donated services in the accompanying statements of activities. These amounts are reflected at fair value in the financial statements, which amounted to $268,882 and $64,706 for the years ended December 31, 2025 and 2024, respectively. In addition, 35,592 and 40,843 volunteer hours were provided to the Organization during the years ended December 31, 2025 and 2024, respectively, for which no value has been assigned. Contributed service time meets the criteria to be recorded in the financial statements if it requires specialized skills, the service is being provided by an individual who possesses those skills, and the service would typically need to be purchased by the Organization if not contributed.

The Organization has been notified of a conditional contribution from a third party through RegaloRx's asset purchase agreement during the year ended December 31, 2023. The conditional gift is based on certain conditions and calculations, including continued retention of a major customer. The amount and collectability cannot be determined as of December 31, 2025. If conditions are met, the Organization may receive funds. There were no conditional contributions during the years ended December 31, 2025 or 2024.

Accounts receivable: Accounts receivable reflect balances due from companies for Hygiene Kit events and nominal amounts owed for travel expenditures incurred by employees. The Organization determined there was no allowance for credit losses as of December 31, 2025 and 2024.

Note 1. Summary of Significant Accounting Policies (Continued)

Functional expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the programs and supporting services benefited as depicted in the accompanying statements of functional expenses. Expenses that can be identified with a specific program, general and administrative function, or fundraising effort are allocated directly to those functional categories. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the programs or support source using allocations. Salaries and benefits are allocated based upon actual time incurred. Rent is allocated based upon estimated square footage. All other costs are either directly allocated or are allocated based upon actual time incurred. Direct benefit to donor costs have been included in fundraising costs on the statements of functional expenses as the associated costs are not material in relation to the financial statements taken as a whole.

Deferred revenue: The Organization records deferred revenue related to funds received for future programmatic events.

	2025	2024
Deferred revenue, beginning of year	$ 319,945	$ 329,693
Revenue recognized that was included in deferred revenue at the beginning of year	(319,945)	(329,693)
Increases in deferred revenue due to cash received during the year	1,776,685	319,945
Deferred revenue, end of year	$ 1,776,685	$ 319,945

Advertising costs: Advertising costs are charged to operations when incurred. Advertising expenses totaled $118,232 and $36,708 for the years ended December 31, 2025 and 2024, respectively.

Subsequent events: The Organization has evaluated subsequent events through April 1, 2026, which is the date the financial statements were available to be issued.

Note 2. Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at net realizable value and are not discounted. Pledges receivable that are expected to be collected in more than one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. The discount rate used in valuing pledges receivable was 4%. Amortization of the discounts is included in contribution revenue. The Organization determined an allowance for uncollectible pledges was not necessary as of December 31, 2025 and 2024.

Pledges receivable consist of the following at December 31, 2025 and 2024:

	2025	2024
In less than one year	$ 288,580	$ 45,000
In one to five years	489,812	20,000
	778,392	65,000
Less present value discount	(39,225)	(3,018)
Net pledges receivable	$ 739,167	$ 61,982

Note 3. Inventory

Inventory consists of the following at December 31, 2025 and 2024:

	2025	2024
Pharmaceutical supplies	$ 44,517,163	$ 1,359,593
Medical and other supplies	1,485,759	1,523,725
Total inventory	$ 46,002,922	$ 2,883,318

Note 4. Fair Value Measurements and Disclosures

Certain assets and liabilities are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting organization. Unobservable inputs are inputs that reflect the reporting organization's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3: Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset or liability.

Note 4. Fair Value Measurements and Disclosures (Continued)

The following is a description of the valuation methodologies used for instruments measured at fair value:

U.S. treasury bills, common stock, equity exchange-traded funds, U.S. government obligations and foreign stock: Securities listed on a national market or exchange are valued at the last sales price, or if there is no sale and the market is still considered active, at the last transaction price before year-end. Such securities are classified at fair value.

Corporate bonds, equity mutual funds, fixed income exchange-traded funds: The fair value is based on valuations obtained from third-party pricing services for identical or similar assets.

The following table presents assets measured at fair value on a recurring basis at December 31, 2025:

	2025			
	Total	Level 1	Level 2	Level 3
Corporate bonds	$ 2,279,913	$ -	$ 2,279,913	$ -
Common stock	2,361,765	2,361,765	-	-
Equity exchange-traded funds	1,354,900	1,354,900	-	-
Equity mutual funds	796,079	-	796,079	-
Fixed income exchange-traded funds	434,660	-	434,660	-
U.S. government obligations	2,186,088	2,186,088	-	-
Total investments	$ 9,413,405	$ 5,902,753	$ 3,510,652	$ -

The following table presents assets measured at fair value on a recurring basis at December 31, 2024:

	2024			
	Total	Level 1	Level 2	Level 3
U.S. treasury bills	$ 74,090	$ 74,090	$ -	$ -
Corporate bonds	227,054	-	227,054	-
Common stock	208,731	208,731	-	-
Equity exchange-traded funds	17,410	17,410	-	-
Equity mutual funds	126,644	-	126,644	-
Fixed income exchange-traded funds	58,890	-	58,890	-
U.S. government obligations	5,618,249	5,618,249	-	-
Foreign stock	9,586	9,586	-	-
Total investments	$ 6,340,654	$ 5,928,066	$ 412,588	$ -

Investment income, net consists of the following as of December 31:

	2025	2024
Interest and dividends	$ 439,335	$ 479,641
Realized and unrealized gains, net	553,435	119,584
Investment fees	(44,619)	(27,788)
	$ 948,151	$ 571,437

Note 5. Property and Equipment

Property and equipment consists of the following at December 31, 2025 and 2024:

	2025	2024
Cost:		
Buildings	$ 9,340,256	$ 9,340,256
Building improvements	1,229,343	946,853
Furniture and equipment	848,089	842,640
Computer equipment and software	211,716	211,716
Vehicles	1,003,579	970,270
Total cost	12,632,983	12,311,735
Accumulated depreciation	(3,682,134)	(3,040,342)
Net property and equipment	$ 8,950,849	$ 9,271,393

Note 6. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of funds held for the following purposes:

	2025	2024
Net assets with donor restrictions:		
Restricted for programs:		
Africa VST Eswatini	$ 11,461	$ 37,643
NAFC—Lab Project	325,416	370,039
US Labs—Adopt a Lab	-	44,805
FedEx DRT Training Grant	341,766	279,935
Ukraine A2M	194,540	167,573
Fleet Management	-	27,617
Helene	61,172	96,178
Kenvue HK	-	300,000
Texas Flood	98,676	-
Total restricted for programs	1,033,031	1,323,790
Restricted in perpetuity:		
Endowment Fund	22,500	22,500
Total restricted in perpetuity	22,500	22,500
Total net assets with donor restrictions	$ 1,055,531	$ 1,346,290

Note 6. Net Assets With Donor Restrictions (Continued)

The sources of releases from net assets with donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of events specified by the donors were as follows:

	2025	2024
Releases from net assets with donor restrictions:		
Africa VST Eswatini	$ 26,182	$ 12,995
Meillenium Promist	-	25,000
FedEx DRT training grant	85,923	42,255
DME	2,088	-
Helene	49,385	317,660
Fleet Management	27,167	62,383
Kenvue HK	300,000	-
Pathologist Overseas	81,000	342,843
NBCL—COVID19	-	40,854
A2M Domestic	190,407	-
A2M International	504,880	-
NAFC—Lab Project	582,254	435,986
Community Health	147,413	-
International Disaster Response	171,681	-
Ukraine A2M	186,438	-
US Disaster Response	153,959	-
US Labs—Adopt a Lab	53,597	88,494
Texas Flood	153,722	-
Hurricane Melissa	501,130	-
Total restricted for programs	3,217,226	1,368,470
Restricted:		
Endowment Fund—GKCCF and General	-	51,694
Total restricted	-	51,694
Total releases from net assets with donor restrictions	$ 3,217,226	$ 1,420,164

Note 7. Liquidity Disclosure

The Organization has various sources of liquidity at its disposal, including cash, investments, accounts receivable, bequest receivable, and pledges receivable. For purposes of analyzing resources available over a 12-month period, the Organization considers all expenditures related to its ongoing activities to be general expenditures. Additionally, the Organization monitors its budget and anticipates sufficient revenue to cover general expenditures over the next 12 months. The statements of cash flows identify the sources and uses of the Organization’s cash.

Note 7. Liquidity Disclosure (Continued)

As of December 31, 2025 and 2024, the following financial assets could be made available within one year of the statements of financial position dates to meet general obligations:

	2025	2024
Cash and cash equivalents	$ 5,625,517	$ 8,690,388
Accounts receivable	61,003	110,344
Bequest receivable	806,782	-
Pledges receivable, current portion	288,580	45,000
Investments	9,413,405	6,340,654
	16,195,287	15,186,386
Less cash subject to donor-imposed restrictions	(1,055,531)	(1,346,290)
Financial assets available for general expenditures within one year	$ 15,139,756	$ 13,840,096

Note 8. Gifts-in-Kind

Contributed nonfinancial assets utilized in programs for the years ended December 31, 2025 and 2024, are as follows:

Category	Utilization	Valuation	2025	2024
Pharmaceutical and other	Programmatic activities	Wholesale acquisition cost	$ 337,158,509	$ 220,640,133
Shipping	Programmatic activities	Fair value provided by donor	693,689	1,343,588
Services	Programmatic activities	Fair value provided by donor	337,682	64,706
Airfare	Programmatic activities	Fair value provided by donor	33,445	12,457
			$ 338,223,325	$ 222,060,884

The Organization receives pharmaceutical products, which the value is based on WAC method for the pharmaceutical product. The Organization also received donated shipping and airfare for overseas and domestic freight. Shipping and airfare are valued based on prices located on a publicly available website.

The Organization receives donated services from volunteers. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization recognizes contributed nonfinancial assets and a corresponding expense in the amount approximating the estimated fair value at the time of donation.

Note 9. Concentrations

The Organization receives a significant portion of its contributions of nonfinancial assets from pharmaceutical and medical supply companies. Three companies accounted for 96% and 90% of the contributions of nonfinancial assets during the years ended December 31, 2025 and 2024, respectively.

Supplementary Information

Heart to Heart International, Inc.

Consolidating Statement of Financial Position
December 31, 2025

	Heart to Heart International	HHIF	RegaloRX	Eliminations	Total
Assets					
Current assets:					
Cash and cash equivalents	$ 5,360,349	$ -	$ 323,709	$ (58,541)	$ 5,625,517
Accounts receivable	61,003	-	-	-	61,003
Bequest receivable	806,782	-	-	-	806,782
Pledges receivable, current portion	288,580	-	-	-	288,580
Inventory	46,002,922	-	-	-	46,002,922
Other current assets	100,672	-	-	-	100,672
Total current assets	52,620,308	-	323,709	(58,541)	52,885,476
Pledges receivable, less current portion, net of discount	450,587	-	-	-	450,587
Investments	9,413,405	-	-	-	9,413,405
Property and equipment, net of accumulated depreciation	8,950,849	-	-	-	8,950,849
Total assets	$ 71,435,149	$ -	$ 323,709	$ (58,541)	$ 71,700,317
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	$ 319,365	$ -	$ -	$ (58,541)	$ 260,824
Accrued liabilities	207,361	-	-	-	207,361
Deferred revenue	1,776,685	-	-	-	1,776,685
Total liabilities	2,303,411	-	-	(58,541)	2,244,870
Net assets without donor restrictions	68,076,207	-	323,709	-	68,399,916
Net assets with donor restrictions	1,055,531	-	-	-	1,055,531
Total net assets	69,131,738	-	323,709	-	69,455,447
Total liabilities and net assets	$ 71,435,149	$ -	$ 323,709	$ (58,541)	$ 71,700,317

Heart to Heart International, Inc.

Consolidating Statement of Activities
Year Ended December 31, 2025

	Heart to Heart International	HHIF	RegaloRX	Eliminations	Total
Support and revenue without donor restrictions:					
Contributions of nonfinancial assets—pharmaceutical and other	$ 337,158,509	$ -	$ -	$ -	$ 337,158,509
Contributions	3,955,845	-	-	-	3,955,845
Contribution of nonfinancial assets—shipping	693,689	-	-	-	693,689
Program revenue	2,497,965	-	-	-	2,497,965
Investment income, net	946,110	(4,862)	6,903	-	948,151
Gain on sale of capital assets	9,456	-	-	-	9,456
Other income	1,662,799	(1,138,057)	(500,000)	-	24,742
Net assets released from restrictions	3,217,226	-	-	-	3,217,226
Total support and revenue without donor restrictions	350,141,599	(1,142,919)	(493,097)	-	348,505,583
Expenses:					
Program services—international	285,070,898	-	-	-	285,070,898
Program services—domestic	15,676,305	-	-	-	15,676,305
Total program services	300,747,203	-	-	-	300,747,203
General and administrative	2,425,896	-	43,212	-	2,469,108
Fundraising public relations	1,265,816	-	-	-	1,265,816
Total supporting services	3,691,712	-	43,212	-	3,734,924
Total expenses	304,438,915	-	43,212	-	304,482,127
Inventory valuation adjustment	(127,850)	-	-	-	(127,850)
Changes in net assets without donor restrictions	45,574,834	(1,142,919)	(536,309)	-	43,895,606
Net assets with donor restrictions:					
Contributions	1,522,476	-	-	-	1,522,476
Contribution of nonfinancial assets—shipping	371,127	-	-	-	371,127
Net assets released from restrictions	(3,217,226)	-	-	-	(3,217,226)
Changes in net assets with donor restrictions	(1,323,623)	-	-	-	(1,323,623)
Changes in net assets	44,251,211	(1,142,919)	(536,309)	-	42,571,983
Net assets (deficit):					
Beginning	24,880,527	1,142,919	860,018	-	26,883,464
Ending	$ 69,131,738	$ -	$ 323,709	$ -	$ 69,455,447