

CONSOLIDATED FINANCIAL STATEMENTS

Family Health International
Years Ended September 30, 2024 and 2023
With Report of Independent Auditors



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Family Health International
Consolidated Financial Statements
Years Ended September 30, 2024 and 2023

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Report of Independent Auditors

Management and the Audit Committee
Family Health International

Opinion

We have audited the consolidated financial statements of Family Health International (FHI 360), which comprise the consolidated statements of financial position as of September 30, 2024 and 2023, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes (collectively referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of FHI 360 at September 30, 2024 and 2023, 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 of material misstatement, whether due to fraud or error.



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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 for 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 of 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. 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.



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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.

Ernst & Young LLP

June 6, 2025

Family Health International

Consolidated Statements of Financial Position (In Thousands)

	September 30	
	2024	2023
Assets		
Current assets:		
Cash and cash equivalents	\$ 82,418	\$ 89,412
Accounts receivable	88,106	90,662
Short-term investments at fair value	62,058	75,139
Prepaid expenses and deposits	10,542	14,398
Total current assets	243,124	269,611
Long-term investments at fair value	16,323	9,122
Other assets	8,872	7,976
Property and equipment, net	8,919	10,114
Right-of-use assets, net	38,539	39,910
Total assets	\$ 315,777	\$ 336,733
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 26,609	\$ 15,864
Accrued expenses	36,367	39,674
Accrued salaries, payroll taxes, and fringe benefits	16,286	15,628
Accrued field office severance, leave, and retirement	22,808	20,486
Short-term lease liabilities	5,678	4,872
Deferred revenue	57,991	92,478
Current portion of note payable	10,000	7,500
Total current liabilities	175,739	196,502
Long-term lease liabilities	49,388	48,455
Other liabilities	5,613	4,278
Total liabilities	230,740	249,235
Net assets:		
Net assets without donor restrictions	85,037	87,498
Total net assets	85,037	87,498
Total liabilities and net assets	\$ 315,777	\$ 336,733

See accompanying notes.

Family Health International

Consolidated Statements of Activities and Changes in Net Assets (In Thousands)

	Year Ended September 30	
	2024	2023
Revenue:		
Contributions	\$ 727,683	\$ 773,432
Exchange revenue	86,073	89,105
Other income	6,594	5,119
Total revenue	820,350	867,656
Expenses:		
Program services	661,870	707,403
Supporting activities	160,941	165,443
Total expenses	822,811	872,846
Change in net assets	(2,461)	(5,190)
Net assets without donor restrictions:		
Beginning of year	87,498	92,688
End of year	\$ 85,037	\$ 87,498

See accompanying notes.

Family Health International

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30	
	2024	2023
Operating activities		
Change in net assets	\$ (2,461)	\$ (5,190)
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	(1,953)	4,776
Amortization of operating lease right-of-use assets	12,256	11,971
Gain or loss on disposal of fixed assets	4,499	(6,331)
Changes in operating assets and liabilities:		
Accounts receivable	2,556	23,441
Prepaid expenses and deposits	3,856	(3,742)
Other assets	316	2,626
Accounts payable	10,745	3,244
Accrued expenses and other liabilities	(205)	(16,299)
Deferred revenue	(34,487)	3,383
Operating lease liabilities	(9,145)	(2,482)
Net cash (used in) provided by operating activities	(14,023)	15,397
Investing activities		
Purchase of investments	(13,664)	(19,541)
Sale and maturity of investments	19,544	317
Purchase of equipment	(1,351)	(24)
Net cash provided by (used in) investing activities	4,529	(19,248)
Financing activities		
Proceeds from note payable	2,500	1,000
Payments on note payable	—	(5,800)
Net cash provided by (used in) financing activities	2,500	(4,800)
Net change in cash, cash equivalents, and restricted cash	(6,994)	(8,651)
Cash, cash equivalents, and restricted cash at beginning of year	89,412	98,063
Cash, cash equivalents, and restricted cash at end of year	\$ 82,418	\$ 89,412

See accompanying notes.

Family Health International

Consolidated Statement of Functional Expenses (In Thousands)

Year Ended September 30, 2024

	Program Services	Supporting Activities	Total
Personnel expenses	\$ 130,481	\$ 103,840	\$ 234,321
Subcontracts and grants	260,133	—	260,133
Field office salaries and fringe benefits	99,926	7,730	107,656
Consultants and professional fees	39,129	16,100	55,229
Depreciation	—	1,653	1,653
Employee relocation and training	51	17	68
Employment advertising	90	23	113
Equipment < \$5K	2,863	94	2,957
Equipment maintenance and repairs	2,986	7,305	10,291
Equipment rental	3,096	45	3,141
Freight and postage	952	136	1,088
Insurance	223	1,244	1,467
Meetings	25,209	810	26,019
Membership dues	35	296	331
Occupancy	10,448	6,809	17,257
Office expenses	2,660	180	2,840
Other expenses	4,152	828	4,980
Other pass-through expenses	9,674	—	9,674
Participant expenses	23,307	—	23,307
Pharmaceuticals	4,196	—	4,196
Printing	3,434	35	3,469
Subscriptions and publications	639	3,244	3,883
Supplies	10,221	743	10,964
Travel expenses	26,437	6,207	32,644
Total functional expenses	660,342	157,339	817,681
Nonallocable charges	1,528	3,602	5,130
Total expenses	\$ 661,870	\$ 160,941	\$ 822,811

See accompanying notes.

Family Health International

Consolidated Statement of Functional Expenses (In Thousands)

Year Ended September 30, 2023

	Program Services	Supporting Activities	Total
Personnel expenses	\$ 135,044	\$ 97,279	\$ 232,323
Subcontracts and grants	277,601	—	277,601
Field office salaries and fringe benefits	104,814	6,968	111,782
Consultants and professional fees	43,508	19,623	63,131
Depreciation	—	3,935	3,935
Employee relocation and training	598	65	663
Employment advertising	138	8	146
Equipment < \$5K	4,921	503	5,424
Equipment > \$5K	5,550	—	5,550
Equipment maintenance and repairs	3,841	5,040	8,881
Equipment rental	4,650	51	4,701
Freight and postage	1,220	177	1,397
Insurance	207	1,212	1,419
Meetings	21,786	548	22,334
Membership dues	38	374	412
Occupancy	11,306	13,981	25,287
Office expenses	3,099	220	3,319
Other expenses	12,119	351	12,470
Other pass-through expenses	5,744	—	5,744
Participant expenses	22,280	—	22,280
Pharmaceuticals	2,304	—	2,304
Printing	2,480	27	2,507
Subscriptions and publications	2,325	3,522	5,847
Supplies	11,918	971	12,889
Travel expenses	28,184	4,041	32,225
Total functional expenses	705,675	158,896	864,571
Nonallocable charges	1,728	6,547	8,275
Total expenses	\$ 707,403	\$ 165,443	\$ 872,846

See accompanying notes.

Family Health International

Notes to Consolidated Financial Statements

September 30, 2024 and 2023

1. Organization and Structure

Family Health International (FHI 360) is a nonprofit global health and development organization that conducts a worldwide diversified program of research, education, and services.

The accompanying consolidated financial statements include the accounts and changes in net assets of FHI 360 and its wholly owned subsidiaries and related entities over which FHI 360 exercises control. Intercompany transactions and balances have been eliminated in consolidation. Two former wholly owned subsidiaries, FHI Solutions LLC and FHI Partners LLC, were merged into the parent FHI 360 entity as of October 1, 2023, the first day of FY24. The FHI Solutions LLC integration makes FHI 360 more effective in addressing nutrition related crises within the FHI 360 Nutrition department. The FHI Partners LLC integration makes it easier and more efficient for FHI 360 to partner with foundations and corporations. The entities were previously consolidated within FHI 360's consolidated financial statements and there was no impact to the presented consolidated statement of financial position, consolidated statement of activities and changes in net assets, consolidated statement of cash flows, nor the consolidated statement of functional expenses. Additionally, certain prior year amounts have been reclassified for consistency with the current year presentation. The reclassification of the prior period amounts were not material to the previously reported consolidated financial statements.

Consolidated entities include:

FHI Clinical Inc. is a for-profit organization designed to address unmet complex research needs in resource-limited settings around the world. The mission is to achieve maximum social impact by supporting the development of life-saving vaccines and medicines. FHI 360 is the sole shareholder.

FHI Ventures Inc. is a for-profit organization designed as a social enterprise accelerator, supporting early-stage businesses with the potential for high impact and a commitment to delivering social and financial returns. FHI Ventures works exclusively with early-stage social enterprises that are post-prototype, but pre- or early revenue, providing them with capital support and helping to position them to show viable financial returns that will attract additional investment. FHI Ventures Inc. connects social enterprises with FHI 360's technical expertise and global footprint in more than 60 countries, offering mentorship and entry into a wide variety of markets for testing and distributing new products and services. FHI 360 is the sole shareholder.

Family Health International

Notes to Consolidated Financial Statements (continued)

1. Organization and Structure (continued)

FHI UK is a United Kingdom-based subsidiary, specializing in innovative governance and public financial management programs globally. FHI UK delivers in-depth analysis of developmental challenges through an understanding of the local political economy and an examination of the impacts of conflict, culture, livelihoods, environment, gender, demographics, and social exclusion. FHI 360 is the sole shareholder.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents

FHI 360 considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Cash and cash equivalents held in the United States are insured according to FDIC regulations. The majority of cash and cash equivalents are held in accounts with balances exceeding the insured limit. Cash amounts maintained overseas are largely uninsured. Cash and cash equivalents as of September 30, 2024 and 2023 held outside of the United States were approximately \$10.9 million and \$12.1 million, respectively.

Restricted Cash

Restricted Cash refers to cash reserved by FHI 360 for a specified purpose and is not readily available for ordinary business use, including funds received under grant agreements that stipulate the cash be placed in a separate account until such time the funds are expended to meet the purpose of the grant. The total amount of restricted cash as of September 30, 2024 and 2023, was \$40.5 million and \$12.8 million, respectively, presented in cash and cash equivalents.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Investments

Investments held by third parties are recorded at their fair values and consist of money market funds and fixed income securities as of September 30, 2024 and 2023. All other financial instruments (cash, cash equivalents, and restricted cash) are stated at cost, which approximates fair value.

Accounts Receivable

The allowance for doubtful accounts is based on FHI 360's best estimate of the amount of probable credit losses existing in its accounts receivable.

Federal Letters of Credit

Most U.S. Agency for International Development (USAID) funded agreements and several National Institutes of Health (NIH), Centers for Disease Control (CDC), Department of State (DOS), and Department of Health and Human Services (DHHS) agreements are funded by federal letters of credit. Drawdowns are paid through the DHHS Payment Management System. The difference in the estimation of expenditures for requesting funds and the actual expenditures for reporting purposes results in a receivable balance or a deferred revenue balance at the end of each accounting period.

Property and Equipment

Property and equipment are recorded at cost. Donated assets are recorded at the fair value of the property at the date of contribution. Depreciation is computed using the straight-line method over the estimated useful lives of the related asset, ranging from four to ten years for all assets other than leasehold improvements, which are depreciated over the life of the associated lease agreement. Guidelines for disposal of equipment acquired with federal funds are determined by the contract.

Deferred Revenue

FHI 360 operates its programs with funds from grants and contracts. At September 30, 2024 and 2023, FHI 360 received funds in excess of expenditures on certain grants and contracts, which resulted in deferred revenue.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Revenue Recognition

Contributions

FHI 360 receives funding under grants and agreements from the U.S. Government (USG) and other institutional donors considered contributions. Under Accounting Standards Update (ASU) 2018-08, *Clarifying Scope and Accounting Guidance for Contributions Made*, contributions are conditional if the agreement includes both a donor-imposed barrier that must be overcome and a right of return or release. Conditional contributions are recorded once conditions are met.

Conditions and barriers are typically met by incurring qualifying expenses or completing deliverables or milestones for a program. All contributions received from the USG are conditional and must comply with applicable federal cost principles included in Title 2 U.S. *Code of Federal Regulations* Part 200 and is subject to review by grantor agencies. Donor-imposed barriers from other contributions include stipulations around limited discretion over the conduct of the program activity, matching or cost-sharing requirements. Contribution revenue with cost-sharing and/or match requirements is deferred until provisions are met. Funds received in advance of satisfying donor-imposed conditions are reported as deferred revenue. Audits and reviews could result in the disallowance of expenditures under terms of a grant or reductions of future grant funds. Based on historical experience, management's position is any costs ultimately disallowed would not materially affect FHI 360's consolidated financial position.

Conditional contribution revenue not yet recognized is composed of \$748.1 million from the USG and \$301.8 million from non-USG funders as of September 30, 2024. The amounts are based on total obligated amount less revenue recognized.

Unconditional contributions consisting of transfers of cash or other assets, as well as unconditional promises to give to FHI 360, are considered nonreciprocal transfers and recognized immediately at fair value. FHI 360 uses the simultaneous release option for donor-restricted grants that are recognized and used within the same reporting period and are, therefore, reported as net assets without donor restrictions.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Exchange Revenue

Per ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, FHI evaluates accounting for transactions in which both parties directly receive commensurate value. Under the standard, revenue is recognized under the five-step model which requires FHI 360 to: (1) identify the contract with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when, or as, the entity satisfies a performance obligation. Performance obligations are typically satisfied as qualifying expenses are incurred.

Allocation of Functional Expenses

FHI 360 allocates expenses based on nature and function among its programs and supporting services. Expenses that can be identified with a specific program or support activities are charged directly. Expenses that are common to one or more functions are allocated by appropriate bases of allocation, including labor costs and in-country expenditures.

Income Taxes

FHI 360 is recognized as an organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code (the Code) as an organization described in Section 501(c)(3), whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax.

Management has analyzed the tax positions taken by FHI 360 and concluded that, as of September 30, 2024 and 2023, there are no uncertain tax positions taken or expected to be taken.

Foreign Currency Translation

The U.S. dollar (dollar) is the functional currency for FHI 360's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rates of exchange in effect during the month of the transaction. Property and equipment purchased with non-U.S. dollars are translated into dollars at the exchange rate in effect at the time of purchase. Assets and liabilities denominated in non-U.S. dollars are translated into dollars at the exchange rate in effect at the consolidated statement of financial position date. Net transaction and translation gains and losses are included in the accompanying consolidated statements of activities and changes in net assets.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds that are not subject to donor-imposed stipulations and are fully available at the discretion of management and the Board of Directors for FHI 360 to utilize in any of its programs or supporting activities.

Fair Value Measurements

Fair value is determined as the exchange price that would be received on the measurement date to sell an asset or the price paid to transfer a liability in the principal market or most advantageous market available to the entity in an orderly transaction between market participants.

The fair value hierarchy ranks the inputs that are used to measure fair value into three levels, as follows:

- Level 1 – Quoted market prices for identical assets or liabilities to which an entity has access at the measurement date.
- Level 2 – Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:
 - Quoted prices for similar assets or liabilities in active markets
 - Quoted prices for identical or similar assets in markets that are not active
 - Observable inputs other than quoted prices for the asset or liability
 - Inputs derived principally from, or corroborated by, observable market data by correlation or by other means
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure fair value to the extent that observable inputs are not available.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Securities with fixed maturities, other than U.S. Treasury securities, generally do not trade daily. The fair value estimates of such fixed-maturity securities are based on observable market information rather than market quotes. Accordingly, the estimates of fair value for such fixed-maturity securities are included in Level 2 of the fair value hierarchy.

FHI 360 does not currently hold any Level 3 financial instruments.

3. Leases

FHI 360 has elected the private company alternative to use the U.S. risk-free interest rate in determining the present value of lease payments when the incremental borrowing rate is not known. The risk-free rate is determined at lease commencement using U.S. Treasury rates with a period similar to the term of the lease. The lease term for the lease includes the non-cancellable period of the lease, plus any additional periods covered by either an option to extend (or not to terminate) the lease that FHI 360 is reasonably certain to exercise, or an option to extend (or not to terminate) the lease controlled by the lessor.

FHI 360 typically enters into leases, as a lessee, for U.S. real estate, non-U.S. real estate, vehicles, and equipment. Real estate leases include offices, residential, warehouse and storage spaces. Leases for vehicles, equipment, warehouse space and storage space have been expensed as incurred rather than capitalized as these leases are either short-term or not material.

In accordance with ASC 842, FHI 360 records rent expense associated with operating leases within one line item on a straight-line basis over the term of the lease. FHI 360 did not have any finance leases as of September 30, 2024 and 2023. For the year ended September 30, 2024, the rent expense associated with operating leases was \$12.3 million. For the year ended September 30, 2023, the rent expense associated with operating leases was \$19.6 million.

Family Health International

Notes to Consolidated Financial Statements (continued)

3. Leases (continued)

The components of lease costs under ASC 842 for the year ended September 30, 2024 were as follows (in thousands):

	Year Ended September 30,	
	2024	2023
Operating lease costs	\$ 12,256	\$ 11,972
Variable lease costs	258	941
Short-term lease costs	76	6,712
Sublease income	(100)	(745)
Total lease costs	<u>\$ 12,490</u>	<u>\$ 18,880</u>

The statement of financial position classification, weighted average remaining lease term and weighted average discount rate related to FHI 360's operating and finance leases under ASC 842 at September 30, 2024 were as follows (in thousands):

	As of September 30,	
	2024	2023
Operating leases:		
ROU asset	\$ 38,539	\$ 39,910
Lease liability:		
Short-term liability – operating leases	5,678	4,872
Long-term liability – operating leases	49,388	48,455
Total lease liability	<u>\$ 55,066</u>	<u>\$ 53,327</u>

For the year ended September 30, 2024, the weighted average remaining lease term in years was 8.74. For the year ended September 30, 2023, the weighted average was 9.54.

For the year ended September 30, 2024, the weighted average discount rate was 4.02%. For the year ended September 30, 2023, the weighted average was 3.96%.

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Notes to Consolidated Financial Statements (continued)

3. Leases (continued)

The following is a schedule by years of future minimum rental commitments for operating leases that have an initial or remaining non-cancelable lease term in excess of one year as of September 30, 2024:

	Operating Leases
2025	\$ 7,077
2026	8,681
2027	7,640
2028	7,583
2029	5,506
Thereafter	29,597
Total lease payments	66,084
Less: Imputed interest	(11,018)
Present value of lease liability	<u>\$ 55,066</u>

4. Liquidity and Availability of Resources

FHI 360 has three significant sources of cash funding: letter of credit draws; cash generated from accounts receivable; and other cash advances from donors and the FHI Foundation. FHI 360 structures its financial assets to be available as needed for program and supporting activities by executing an annual budget and forecast process with monthly monitoring and recasting as facts and circumstances require during the fiscal year. Additionally, FHI 360 invests cash over daily requirements in investments, including money market funds and fixed income securities, and as of September 30, 2024, had a committed line of credit of \$35.0 million, upon which it could draw, if needed.

At September 30, 2024, FHI 360 has \$192.0 million of unrestricted financial assets available to meet cash needs for general expenditures and supporting services within one year of the September 30 consolidated statement of financial position date, composed of \$103.9 million of cash, cash equivalents, and investments, and \$88.1 million accounts receivable.

Family Health International

Notes to Consolidated Financial Statements (continued)

4. Liquidity and Availability of Resources (continued)

Below is the consolidating statement of financial position as of September 30, 2024 (In Thousands):

	FHI 360	FHI Ventures	FHI Clinical	FHI UK	Eliminations and Adjustments	Total 2024
Assets						
Current assets:						
Cash and cash equivalents	\$ 78,383	\$ 3	\$ 3,623	\$ 409	\$ –	\$ 82,418
Accounts receivable	104,412	–	13,084	1,213	(30,603)	88,106
Short-term investments at fair value	62,058	–	–	–	–	62,058
Prepaid expenses and deposits	10,153	–	298	91	–	10,542
Total current assets	255,006	3	17,005	1,713	(30,603)	243,124
Long-term investments at fair value	16,322	–	1	–	–	16,323
Other assets	29,576	931	2,985	186	(24,806)	8,872
Property and equipment, net	8,854	–	52	13	–	8,919
Right-of-use leases, net	38,539	–	–	–	–	38,539
Total assets	\$ 348,297	\$ 934	\$ 20,043	\$ 1,912	\$ (55,409)	\$ 315,777
Liabilities and net assets						
Current liabilities:						
Accounts payable	\$ 25,523	\$ (17)	\$ 23,919	\$ 2,289	\$ (25,105)	\$ 26,609
Accrued expenses	36,085	2	1,249	233	(1,202)	36,367
Accrued salaries, payroll taxes, and fringe benefits	15,260	–	976	50	–	16,286
Accrued field office severance, leave, and retirement	22,340	–	468	–	–	22,808
Short-term liabilities on right-of-use leases	5,678	–	–	–	–	5,678
Deferred revenue	53,686	–	4,305	–	–	57,991
Current portion of note payable	–	–	10,000	–	–	10,000
Total current liabilities	158,572	(15)	40,917	2,572	(26,307)	175,739
Long-term liabilities on right-of-use leases	49,388	–	–	–	–	49,388
Other liabilities	5,524	–	4,385	–	(4,296)	5,613
Total liabilities	213,484	(15)	45,302	2,572	(30,603)	230,740
Net assets without donor restrictions	134,813	949	(25,259)	(660)	(24,806)	85,037
Total liabilities and net assets	\$ 348,297	\$ 934	\$ 20,043	\$ 1,912	\$ (55,409)	\$ 315,777

Family Health International

Notes to Consolidated Financial Statements (continued)

4. Liquidity and Availability of Resources (continued)

Below is the consolidating statement of activities and changes in net assets for the year ended September 30, 2024 (In Thousands):

	FHI 360	FHI Ventures	FHI Clinical	FHI UK	Eliminations and Adjustments	Total 2024
Revenue:						
Contributions	\$ 727,683	\$ –	\$ –	\$ –	\$ –	\$ 727,683
Exchange revenue	65,920	–	26,899	2,891	(9,637)	86,073
Other income	6,472	20	1,125	101	(1,124)	6,594
Total revenue	800,075	20	28,024	2,992	(10,761)	820,350
Expenses:						
Program services	649,049	–	17,956	2,017	(7,152)	661,870
Supporting activities	146,898	(13)	15,634	2,064	(3,642)	160,941
Total expenses	795,947	(13)	33,590	4,081	(10,794)	822,811
Change in net assets	4,128	33	(5,566)	(1,089)	33	(2,461)
Net assets without donor restrictions at beginning of year	130,684	916	(19,692)	(53)	(24,357)	87,498
Additional paid-in capital during year	–	–	–	481	(481)	–
Net assets without donor restrictions at end of year	\$ 134,812	\$ 949	\$ (25,258)	\$ (661)	\$ (24,805)	\$ 85,037

Family Health International

Notes to Consolidated Financial Statements (continued)

5. Accounts Receivable

Accounts receivable included the following:

	September 30	
	2024	2023
	<i>(In Thousands)</i>	
Accounts receivable (billed and unbilled)	\$ 79,552	\$ 80,594
Accounts receivable related party <i>(Note 11)</i>	1,489	1,201
Subcontractor advances	8,032	8,894
Other advances and receivables	705	1,434
Allowance for doubtful accounts	(1,672)	(1,461)
Total receivables	<u>\$ 88,106</u>	<u>\$ 90,662</u>

6. Investments

The following is a summary of the fair value measurements of FHI 360's investments within the fair value hierarchy. Investment income is included in other income on the statement of activities.

	Level 1	Level 2	Level 3	Total
	<i>(In Thousands)</i>			
September 30, 2024				
Cash, bank deposit program, and money-market funds	\$ 54,843	\$ –	\$ –	\$ 54,843
Fixed income securities:				
Corporate bonds	–	15,625	–	15,625
Treasury bonds	7,429	–	–	7,429
Equities – EFT	484	–	–	484
Total investments	<u>\$ 62,756</u>	<u>\$ 15,625</u>	<u>\$ –</u>	<u>\$ 78,381</u>

Family Health International

Notes to Consolidated Financial Statements (continued)

6. Investments (continued)

	Level 1	Level 2	Level 3	Total
	<i>(In Thousands)</i>			
September 30, 2023				
Cash, bank deposit program, and money-market funds	\$ 71,015	\$ –	\$ –	\$ 71,015
Fixed income securities:				
Corporate bonds	–	8,452	–	8,452
Treasury bonds	4,434	–	–	4,434
Equities – EFT	360	–	–	360
Total investments	<u>\$ 75,809</u>	<u>\$ 8,452</u>	<u>\$ –</u>	<u>\$ 84,261</u>

7. Property and Equipment, Net

Property and equipment, net include the following:

	September 30	
	2024	2023
	<i>(In Thousands)</i>	
Leasehold improvements	\$ 8,983	\$ 9,312
Equipment, software, furniture, and vehicles	13,858	13,051
Fine arts inventory	224	272
Accumulated depreciation/amortization	(14,146)	(12,521)
Total property and equipment, net	<u>\$ 8,919</u>	<u>\$ 10,114</u>

8. Short-Term Financing

FHI 360 had a working capital line of credit (LOC) agreement with a bank in the amount of \$35.0 million as of September 30, 2024. The LOC was available until March, 2025. There was a draw on the line of credit for \$10 million by FHI Clinical LLC as of September 30, 2024, and there was a draw on the line of credit for \$7.5 million by FHI Clinical LLC as of September 30, 2023.

Family Health International

Notes to Consolidated Financial Statements (continued)

9. Postretirement Benefit Plans and Foreign Severance Liabilities

FHI 360 has a noncontributory, defined-contribution postretirement benefit plan (the Plan) covering substantially all U.S. employees and non-U.S. citizen expatriates who have met certain eligibility requirements. Postretirement benefit expense amounted to \$17.9 million and \$17.7 million for the years ended September 30, 2024 and 2023, respectively.

FHI 360 accrues severance pay for Foreign Service Nationals (FSNs) in countries where the host country requires payment of severance pay upon separation. The accrual is based upon each FSN's years of service with FHI 360, and FHI 360 increases the severance accrual each year based on the additional year of service. The severance costs are charged each year as the additional years of service are accrued. The severance payments are made whether the termination is voluntary or involuntary, apart from an employee being terminated with cause.

The accrued field office severance, leave, retirement balances, and related taxes withheld included the following:

	September 30	
	2024	2023
	<i>(In Thousands)</i>	
Field severance	\$ 15,090	\$ 12,800
Field leave	4,307	4,366
Field retirement	2,537	2,274
Taxes withheld	672	1,046
Total	<u>\$ 22,606</u>	<u>\$ 20,486</u>

10. Direct Cost Sharing – U.S. Government Funded Agreements

FHI 360 has 29 various awards with remaining cost-sharing requirements as of September 30, 2024. FHI 360 enters into subawards with subrecipients who assist FHI 360 in meeting the goals and objectives of FHI 360's awards. When appropriate, FHI 360 includes a cost share requirement in subawards.

Subrecipients can meet a cost share requirement by donating materials or by incurring eligible costs in support of the project that are not reimbursed through the subaward. The costs incurred and estimated fair value of donated materials are reported on a quarterly basis. Cost share

Family Health International

Notes to Consolidated Financial Statements (continued)

10. Direct Cost Sharing – U.S. Government Funded Agreements (continued)

contributions may also come from other sources, including FHI 360 projects that are not funded by the USG. FHI 360 continually monitors awards with cost-sharing requirements to ensure compliance.

FHI 360 had total remaining cost share requirements of \$14.2 million and \$15.8 million at September 30, 2024 and 2023, respectively.

11. Related-Party Transactions

In December 1990, FHI 360 established a separate nonprofit foundation, Family Health International Foundation (the Foundation), to support the work of FHI 360. Contributions to FHI 360 from the Foundation were \$5.0 million and \$5.2 million in 2024 and 2023, respectively. At September 30, 2024 and 2023, \$1.3 million and \$1.4 million, respectively, were outstanding within the related-party accounts receivable balance.

12. Contingencies

The ultimate determination of amounts received under contracts with governmental agencies is generally based upon allowable costs reported to and audited by the USG. Until such audits have been completed and a final settlement reached, there exists a contingency to refund any amounts received in excess of allowable costs. Management believes that no material unrecorded loss will result from such audits.

13. Subsequent Events

Subsequent events have been evaluated for disclosure through June 6, 2025, the date FHI 360's consolidated financial statements as of and for the years ended September 30, 2024 and 2023 were available to be issued. As a consequence of Executive Order "Reevaluating and Realigning United States Foreign Aid," issued in January 2025, the United States Government has terminated 89 projects with FHI 360 and consequently FHI 360's workforce has been reduced by approximately 1,500 employees globally. Management anticipates a reduction of FHI 360's global footprint by 23 countries and expects operations to continue in 51 countries. Further, FHI 360's line of credit was terminated in March 2025; however, the FHI Foundation subsequently pledged \$44 million to FHI 360 in March 2025 to assist with liquidity needs, if needed. Of the \$44 million available pledge from FHI Foundation, FHI 360 has used \$10 million.

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