



CONSOLIDATED FINANCIAL STATEMENTS

Family Health International
Years Ended September 30, 2025 and 2024
With Report of Independent Auditors



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Family Health International
Consolidated Financial Statements
Years Ended September 30, 2025 and 2024

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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, 2025 and 2024, 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, 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 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 16, 2026

Family Health International

Consolidated Statements of Financial Position (In Thousands)

	September 30	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 149,462	\$ 82,418
Accounts receivable	63,112	88,106
Short-term investments at fair value	11,300	62,058
Prepaid expenses and deposits	5,907	10,542
Disposal group assets held for sale	16,460	—
Total current assets	246,241	243,124
Long-term investments at fair value	17,044	16,323
Other assets	1,117	8,872
Property and equipment, net	7,537	8,919
Right-of-use assets, net	31,371	38,539
Total assets	\$ 303,310	\$ 315,777
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 31,483	\$ 26,609
Accrued expenses	18,647	36,367
Accrued salaries, payroll taxes, and fringe benefits	7,815	16,286
Accrued field office severance, leave, and retirement	11,707	22,808
Short-term lease liabilities	6,806	5,678
Deferred revenue	72,324	57,991
Current portion of note payable	—	10,000
Disposal group liabilities held for sale	8,170	—
Total current liabilities	156,952	175,739
Long-term lease liabilities	43,402	49,388
Other liabilities	54	5,613
Total liabilities	200,408	230,740
Net assets:		
Net assets without donor restrictions	102,902	85,037
Total net assets	102,902	85,037
Total liabilities and net assets	\$ 303,310	\$ 315,777

See accompanying notes.

Family Health International

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

	Year Ended September 30	
	2025	2024
Revenue:		
Contributions	\$ 478,257	\$ 727,683
Exchange revenue	81,770	86,073
Other income	6,194	6,594
Total revenue	566,221	820,350
Expenses:		
Program services	433,239	661,870
Supporting activities	115,117	160,941
Total expenses	548,356	822,811
Change in net assets	17,865	(2,461)
Net assets without donor restrictions:		
Beginning of year	85,037	87,498
End of year	\$ 102,902	\$ 85,037

See accompanying notes.

Family Health International

Consolidated Statements of Cash Flows (In Thousands)

	Year Ended September 30	
	2025	2024
Operating activities		
Change in net assets	\$ 17,865	\$ (2,461)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	1,650	(1,953)
Amortization of operating lease right-of-use assets	10,939	12,256
Gain or loss on disposal of fixed assets	(268)	4,499
Changes in operating assets and liabilities:		
Accounts receivable	24,994	2,556
Prepaid expenses and deposits	4,635	3,856
Other assets	2,628	316
Accounts payable	4,874	10,745
Accrued expenses and other liabilities	(37,723)	(205)
Deferred revenue	14,333	(34,487)
Operating lease liabilities	(8,630)	(9,145)
Change in group disposal assets and liabilities held for sale	(8,290)	—
Net cash provided by (used in) operating activities	27,007	(14,023)
Investing activities		
Purchase of investments	(5,851)	(13,664)
Sale and maturity of investments	55,888	19,544
Purchase of equipment	—	(1,351)
Net cash provided by investing activities	50,037	4,529
Financing activities		
Proceeds from note payable	—	2,500
Payments on note payable	(10,000)	—
Net cash (used in) provided by financing activities	(10,000)	2,500
Net change in cash, cash equivalents, and restricted cash	67,044	(6,994)
Cash, cash equivalents, and restricted cash at beginning of year	82,418	89,412
Cash, cash equivalents, and restricted cash at end of year	\$ 149,462	\$ 82,418

See accompanying notes.

Family Health International

Consolidated Statement of Functional Expenses
(In Thousands)

Year Ended September 30, 2025

	Program Services	Supporting Activities	Total
Personnel expenses	\$ 100,434	\$ 75,812	\$ 176,246
Subcontracts and grants	159,629	–	159,629
Field office salaries and fringe benefits	73,745	7,196	80,941
Consultants and professional fees	24,126	7,807	31,933
Depreciation	–	1,324	1,324
Employee relocation and training	415	76	491
Employment advertising	39	8	47
Equipment < \$5K	1,757	86	1,843
Equipment maintenance and repairs	1,818	5,379	7,197
Equipment rental	1,572	37	1,609
Freight and postage	529	57	586
Insurance	152	1,231	1,383
Meetings	11,367	292	11,659
Membership dues	20	210	230
Occupancy	8,056	6,787	14,843
Office expenses	1,491	155	1,646
Other expenses	118	150	268
Other pass-through expenses	1,732	–	1,732
Participant expenses	18,607	–	18,607
Pharmaceuticals	1,713	–	1,713
Printing	1,543	10	1,553
Subscriptions and publications	599	2,615	3,214
Supplies	6,823	434	7,257
Travel expenses	11,867	1,422	13,289
Total functional expenses	<u>428,152</u>	<u>111,088</u>	<u>539,240</u>
Non-allocable charges	5,087	4,029	9,116
Total expenses	<u>\$ 433,239</u>	<u>\$ 115,117</u>	<u>\$ 548,356</u>

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	<u>660,342</u>	<u>157,339</u>	<u>817,681</u>
Non-allocable charges	1,528	3,602	5,130
Total expenses	<u>\$ 661,870</u>	<u>\$ 160,941</u>	<u>\$ 822,811</u>

See accompanying notes.

Family Health International

Notes to Consolidated Financial Statements

September 30, 2025

1. Organization and Structure

Family Health International (FHI 360) is a nonprofit global health and development organization that mobilizes research, resources, and relationships so that people can access the opportunities they need to lead full, healthy lives. FHI 360 works with communities in more than 50 countries to expand economic opportunity, improve health and wellbeing, and respond to humanitarian crisis. It collaborates with partner communities and peer organizations to build enduring networks and expand collective impact.

The accompanying consolidated financial statements include the accounts and changes in net assets of FHI 360, its wholly owned subsidiaries, and related entities over which FHI 360 exercises control. Intercompany transactions and balances have been eliminated in consolidation.

Consolidated entities include:

FHI Clinical Inc. (FHI Clinical) 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 lifesaving vaccines and medicines. FHI 360 is the sole shareholder.

FHI Ventures Inc. (FHI Ventures) is a for-profit social enterprise accelerator supporting early-stage businesses with strong potential for high social impact and sustainable financial returns. FHI Ventures works exclusively with social enterprises that are post-prototype, but pre-revenue, in early stages of generating revenue. It provides capital support and strategic assistance to help them demonstrate viable financial models that will attract additional investment. Leveraging FHI 360's extensive technical expertise and global footprint, FHI Ventures offers mentorship and market access to support testing, scaling, and distribution of new products and services. FHI 360 is the sole shareholder.

FHI UK is a United Kingdom-based subsidiary, specializing in innovative governance and public financial management programs worldwide. Its work focuses on in-depth analysis of development challenges by assessing local political economy conditions and examining how the impact of conflict, culture, livelihoods, the environment, gender, demographics, and social exclusion shapes development outcomes. FHI 360 is the sole shareholder.

Family Health International

Notes to Consolidated Financial Statements (continued)

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 defines cash equivalents as highly liquid investments with original maturities of three months or less when acquired.

Cash and cash equivalents held in the United States are insured according to Federal Deposit Insurance Corporation regulations. The majority of cash and cash equivalents are held in accounts with balances exceeding the insured limits. Cash amounts maintained overseas are largely uninsured. Cash and cash equivalents as of September 30, 2025 and 2024, held outside of the United States were approximately \$3.8 million and \$10.9 million, respectively.

Restricted Cash

Restricted cash refers to cash reserved by FHI 360 for a specified purpose and not readily available for normal business operations, including funds received under grant agreements that require the cash to be maintained in separate accounts until funds are expended in accordance with grant terms. The total amount of restricted cash as of September 30, 2025 and 2024, was \$55.8 million and \$40.5 million, respectively, presented in cash and cash equivalents.

Investments

Investments held by third parties are recorded at their fair value and consist of money market funds and fixed income securities as of September 30, 2025 and 2024. All other financial instruments (cash, cash equivalents, and restricted cash) are stated at cost, which approximates fair value.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Federal Letters of Credit

Most agreements funded by the U.S. Agency for International Development and certain agreements with National Institutes of Health, Centers for Disease Control and Prevention, Department of State, and Department of Health and Human Services (DHHS) are funded by federal letters of credit. Funds are drawn through the DHHS Payment Management System. Differences between estimated expenditures used for requesting funds and the actual expenditures reported result in either a receivable 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 fair value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, ranging from four to ten years. Leasehold improvements are depreciated over the term of associated lease. The disposal of equipment acquired with federal funds is governed by the terms of the related contract.

Deferred Revenue

FHI 360 operates its programs with funds from grants and contracts. On September 30, 2025 and 2024, FHI 360 received funds in excess of expenditures on certain grants and contracts, which resulted in deferred revenue.

Revenue Recognition

Contributions

FHI 360 receives funding under grants and agreements from the U.S. government (USG) and other institutional donors that are accounted for as contributions. Under Accounting Standards Update No. (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, contributions are considered 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.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

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 subject to review by grantor agencies. Donor-imposed barriers from other contributions include stipulations regarding limited discretion over the conduct of the program activity and 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 and reductions in future grant funding. Based on historical experience, management believes that any costs ultimately disallowed would not have material effect on FHI 360's consolidated financial position.

Conditional contribution revenue not yet recognized is composed of \$169.8 million from the USG and \$272.8 million from non-USG funders as of September 30, 2025. The amounts represent the total obligated amount less revenue recognized as of the financial statement date.

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. Unconditional contributions not yet recognized were \$22.4 million as of September 30, 2025.

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 that 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. Exchange revenue recognized on contracts with customers was \$81.8 million and \$86.1 million for the fiscal years ended September 30, 2025 and 2024, respectively.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

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, 2025 and 2024, there are no uncertain tax positions taken or expected to be taken.

Foreign Currency Translation

The U.S. dollar is the functional currency for FHI 360's operations worldwide. Foreign currency transactions are translated into U.S. dollars at exchange rates in effect on the date of transaction. Property and equipment acquired in foreign currencies are translated into U.S. dollars at the exchange rate in effect on the date of purchase. Assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates at the date of the consolidated statement of financial position. Resulting transaction and translation gains and losses are included in the accompanying consolidated statements of activities and changes in net assets.

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.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Disposal Group Held for Sale

During fiscal year 2025, FHI 360 classified certain assets and liabilities of its wholly owned subsidiary, FHI Clinical, as a disposal group held for sale in accordance with Accounting Standards Codification (ASC) 360 after management committed to a plan to sell the subsidiary and determined that the sale was probable within one year. The disposal group is measured at the lower of carrying value or fair value less cost to sell. As of September 30, 2025, the disposal group had assets of \$16.5 million, consisting primarily of cash and cash equivalents, accounts receivable, and prepaid expenses, and liabilities of \$8.2 million, consisting primarily of accounts payable, accrued expenses, and deferred revenue.

Fair Value Measurements

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

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

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 – Inputs and information other than quoted market prices 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 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.

Concentration of Credit Risk

FHI 360's accounts receivable is primarily due from governmental and institutional donors and substantial portion of contributions revenue is funded by agencies of the USG. Accordingly, FHI 360 is exposed to risks associated with the availability of government-funded assistance and development programs. While management's assessment of credit risk based on the creditworthiness of counterparties and historical collection experience is low, during fiscal year 2025, changes in USG policy resulted in an approximately \$265 million decline in revenue from USG sources.

Recently Issued Accounting Standards

On October 1, 2024, FHI 360 adopted ASU 2023-08, *Intangibles – Goodwill and Other – Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The guidance requires crypto assets to be subsequently measured at fair value in the consolidated statements of activities. Crypto assets are presented separately from other intangible assets in the statements of financial position and changes resulting from the remeasurement of crypto assets are presented separately from changes in the carrying amounts of other intangible assets in the consolidated statements of activities. The guidance also requires separate disclosures for crypto assets received as a noncash consideration in the statements of cash flows as well as enhanced footnote disclosures to enable users of the financial statements to assess the nature, exposure, and risk of significant crypto asset holdings.

The adoption of ASU 2023-08 did not have material impact on FHI 360's consolidated financial position or consolidated statements of activities.

Family Health International

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

In July 2025, the FASB issued ASU 2025-05, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets*. The amendment affects entities that elect the practical expedient and related accounting policy election available for entities other than public entities when estimating expected credit losses on current accounts receivable and/or current contract assets arising from transactions under ASC Topic 606. The amendment is intended to improve the usefulness of information provided to financial statement users while reducing the time and effort necessary to analyze and estimate credit losses for current accounts receivable and current contract assets. Entities that choose the practical expedient and accounting policy election are required to apply this amendment prospectively. For FHI 360, the guidance will be effective for the fiscal year ending September 30, 2027. Management does not expect adoption of this standard to have a material impact on FHI 360's consolidated financial position or consolidated statements of activities.

3. Leases

FHI 360 enters into lease arrangements 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, and storage space have been expensed as incurred rather than capitalized as these leases are either short term or not material.

FHI 360 has elected the private company alternative permitted under ASC 842 to use the U.S. risk-free interest rate in measuring the present value of lease liabilities when the incremental borrowing rate is not known. The risk-free rate is determined at lease commencement using U.S. Treasury rates with a maturity comparable to the lease term. The lease term includes the noncancelable period of the lease, plus any renewal or termination options that FHI 360 is reasonably certain to exercise, or any extension or termination options controlled by the lessor.

In accordance with ASC 842, rent expense associated with operating leases is recognized on a straight-line basis over the term of the lease and is reported within a single line item. FHI 360 did not have any finance leases as of September 30, 2025 or 2024. For the years ended September 30, 2025 and 2024, the rent expense associated with operating leases was \$10.9 million and \$12.3 million, respectively.

Family Health International

Notes to Consolidated Financial Statements (continued)

3. Leases (continued)

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

	2025	2024
Operating lease costs	\$ 10,939	\$ 12,256
Variable lease costs	612	258
Short-term lease costs	48	76
Sublease income	(36)	(100)
Total lease costs	\$ 11,563	\$ 12,490

The statement of financial position classification related to FHI 360's operating and finance leases under ASC 842 on September 30 were as follows (in thousands):

	2025	2024
Operating leases:		
Right-of-use asset	\$ 31,371	\$ 38,539
Lease liability:		
Short-term liability – operating leases	\$ 6,806	\$ 5,678
Long-term liability – operating leases	43,402	49,388
Total lease liability	\$ 50,208	\$ 55,066

For the year ended September 30, 2025, the weighted average remaining lease term in years was 8.38. For the year ended September 30, 2024, the weighted average remaining lease term was 8.74.

For the year ended September 30, 2025, the weighted average discount rate was 3.94%. For the year ended September 30, 2024, the weighted average discount rate was 4.02%.

Family Health International

Notes to Consolidated Financial Statements (continued)

3. Leases (continued)

The following table summarizes future minimum operating lease commitments for noncancelable leases with terms greater than one year as of September 30, 2025 (in thousands):

	Operating Leases
2026	\$ 8,612
2027	7,638
2028	7,573
2029	5,557
2030	5,052
Thereafter	24,698
Total lease payments	59,130
Less imputed interest	(8,922)
Present value of lease liability	<u>\$ 50,208</u>

4. Liquidity and Availability of Resources

FHI 360 has three primary sources of cash funding: draws under letter of credit, collections from accounts receivable, and cash advances received from donors and the FHI Foundation. FHI 360 manages its financial assets to be available as needed for program and supporting activities through annual budgeting and forecasting process, which is monitored and updated monthly as facts and circumstances change during the fiscal year. Excess cash beyond daily operating requirements is invested in short-term investments, including money market funds and fixed income securities.

At September 30, 2025, FHI 360 has \$223.9 million of unrestricted financial assets available to meet cash needs for general expenditures and supporting services within one year of the consolidated statement of financial position date, composed of \$160.8 million of cash, cash equivalents, and investments, and \$63.1 million of 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, 2025 (in thousands):

	FHI 360	FHI Ventures	FHI Clinical	FHI UK	Eliminations and Adjustments	Total 2025
Assets						
Current assets:						
Cash and cash equivalents	\$ 148,897	\$ 2	\$ –	\$ 563	\$ –	\$ 149,462
Accounts receivable	88,852	18	6,143	1,136	(33,037)	63,112
Short-term investments at fair value	11,300	–	–	–	–	11,300
Prepaid expenses and deposits	5,781	–	–	126	–	5,907
Disposal group assets held for sale	–	–	16,460	–	–	16,460
Total current assets	254,830	20	22,603	1,825	(33,037)	246,241
Long-term investments at fair value	17,044	–	–	–	–	17,044
Other assets	37,444	931	430	156	(37,844)	1,117
Property and equipment, net	7,537	–	–	–	–	7,537
Right-of-use leases, net	31,371	–	–	–	–	31,371
Total assets	\$ 348,226	\$ 951	\$ 23,033	\$ 1,981	\$ (70,881)	\$ 303,310
Liabilities and net assets						
Current liabilities:						
Accounts payable	\$ 31,260	\$ –	\$ 27,191	\$ 1,045	\$ (28,013)	\$ 31,483
Accrued expenses	18,360	–	275	318	(306)	18,647
Accrued salaries, payroll taxes, and fringe benefits	7,786	–	–	29	–	7,815
Accrued field office severance, leave, and retirement	11,707	–	–	–	–	11,707
Short-term liabilities on right-of-use leases	6,806	–	–	–	–	6,806
Deferred revenue	72,324	–	–	–	–	72,324
	–	–	8,170	–	–	8,170
Total current liabilities	148,243	–	35,636	1,392	(28,319)	156,952
Long-term liabilities on right-of-use leases	43,402	–	–	–	–	43,402
Other liabilities	54	–	4,718	–	(4,718)	54
Total liabilities	191,699	–	40,354	1,392	(33,037)	200,408
Net assets without donor restrictions	156,527	951	(17,321)	589	(37,844)	102,902
Total liabilities and net assets	\$ 348,226	\$ 951	\$ 23,033	\$ 1,981	\$ (70,881)	\$ 303,310

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, 2025 (in thousands):

	FHI 360	FHI Ventures	FHI Clinical	FHI UK	Eliminations and Adjustments	Total 2025
Revenue:						
Contributions	\$ 478,257	\$ –	\$ –	\$ –	\$ –	\$ 478,257
Exchange revenue	55,127	–	29,703	4,125	(7,185)	81,770
Other income	6,225	–	–	(1)	(30)	6,194
Total revenue	<u>539,609</u>	<u>–</u>	<u>29,703</u>	<u>4,124</u>	<u>(7,215)</u>	<u>566,221</u>
Expenses:						
Program services	415,287	–	20,045	3,545	(5,638)	433,239
Supporting activities	102,607	(2)	12,747	1,341	(1,576)	115,117
Total expenses	<u>517,894</u>	<u>(2)</u>	<u>32,792</u>	<u>4,886</u>	<u>(7,214)</u>	<u>548,356</u>
Change in net assets	21,715	2	(3,089)	(762)	(1)	17,865
Net assets without donor restrictions at beginning of year	134,812	949	(25,258)	(661)	(24,805)	85,037
Additional paid-in capital during year	–	–	11,026	2,012	(13,038)	–
Net assets without donor restrictions at end of year	<u>\$ 156,527</u>	<u>\$ 951</u>	<u>\$ (17,321)</u>	<u>\$ 589</u>	<u>\$ (37,844)</u>	<u>\$ 102,902</u>

Family Health International

Notes to Consolidated Financial Statements (continued)

5. Accounts Receivable

Accounts receivable included the following:

	September 30	
	2025	2024
	<i>(In Thousands)</i>	
Accounts receivable (billed and unbilled)	\$ 55,411	\$ 79,552
Accounts receivable related party	1,571	1,489
Subcontractor advances	8,078	8,032
Other advances and receivables	412	705
Allowance for credit losses	(2,360)	(1,672)
Total receivables	\$ 63,112	\$ 88,106

The allowance for credit losses represents management's estimate of expected lifetime credit losses on accounts receivable measured at amortized cost. The allowance is estimated in accordance with ASC 326, *Financial Instruments – Credit Losses*.

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 in the statement of activities.

	Level 1	Level 2	Level 3	Total
	<i>(In Thousands)</i>			
September 30, 2025				
Cash, bank deposit program, and money-market funds	\$ 1,792	\$ –	\$ –	\$ 1,792
Fixed income securities:				
Corporate bonds	–	14,759	–	14,759
Treasury bonds	11,231	–	–	11,231
Equities – EFT	562	–	–	562
Total investments	\$ 13,585	\$ 14,759	\$ –	\$ 28,344

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, 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	\$ 62,756	\$ 15,625	\$ –	\$ 78,381

7. Property and Equipment, Net

Property and equipment, net include the following:

	September 30	
	2025	2024
	<i>(In Thousands)</i>	
Leasehold improvements	\$ 8,983	\$ 8,983
Equipment, software, furniture, and vehicles	13,599	13,858
Fine arts inventory	222	224
Accumulated depreciation/amortization	(15,267)	(14,146)
Total property and equipment, net	\$ 7,537	\$ 8,919

8. Short-Term Financing

FHI 360 had a working capital line of credit agreement with a bank in the amount of \$35.0 million until March 2025. There was a net draw on the line of credit of \$10.0 million by FHI Clinical Inc. as of September 30, 2024, and repaid as of March 31, 2025.

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 covering substantially all U.S. employees and non-U.S. citizen expatriates who have met certain eligibility requirements. Postretirement benefit expense amounted to \$9.1 million and \$17.9 million for the years ended September 30, 2025 and 2024, respectively.

FHI 360 accrues severance obligations for Foreign Service Nationals (FSNs) in countries where local labor laws require severance payment upon separation from employment. The accrual is calculated based on each FSN's years of service with FHI 360 and is increased annually to reflect additional earned service. The severance costs are recognized over the period of service as the obligation accrues. The severance payments are made whether the termination is voluntary or involuntary, except in cases of termination for cause.

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

	September 30	
	2025	2024
	<i>(In Thousands)</i>	
Field severance	\$ 7,359	\$ 15,090
Field leave	2,383	4,307
Field retirement	1,701	2,537
Field other	167	202
Taxes withheld	97	672
Total	<u>\$ 11,707</u>	<u>\$ 22,808</u>

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

FHI 360 has 17 various awards with remaining cost-sharing requirements as of September 30, 2025. 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 may fulfill cost share requirements through donation of materials or by incurring allowable project-related costs that are not reimbursed under the subaward. Cost share contributions, including unreimbursed eligible costs and estimated fair value of donated materials,

Family Health International

Notes to Consolidated Financial Statements (continued)

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

are reported on a quarterly basis. Cost share contributions may also come from other sources, including FHI 360 projects that are not supported by USG funding. Management monitors awards with cost-sharing requirements on an ongoing basis to ensure compliance with applicable donor agreements.

FHI 360 had total remaining cost share requirements of \$2.0 million and \$14.2 million at September 30, 2025 and 2024, 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 \$17.0 million and \$5.0 million in 2025 and 2024, respectively.

At September 30, 2025 and 2024, \$1.6 million and \$1.5 million, respectively, was 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 are completed and final settlements are reached, there exists a contingency to refund any amounts received in excess of allowable costs. Management believes that the resolution of such audits will not result in material unrecorded loss.

13. Subsequent Events

Subsequent events have been evaluated for disclosure through June 16, 2026, the date the accompanying financial statements were available to be issued.

On December 19, 2025, FHI 360 completed the sale of FHI Clinical. In accordance with ASC 855, the transaction has been treated as a non-recognized subsequent event because the sale was consummated after the statement of financial position date. Management is in the process of evaluating the impact of the sale on the financial statements for the year ended September 30, 2026, as the total consideration to be received is contingent upon future events.

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