

Consolidated Financial Statements and  
Supplemental Schedules Together with  
Report of Independent Certified Public  
Accountants

**Management Sciences for Health, Inc.**

June 30, 2025 and 2024

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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Directors  
Management Sciences for Health, Inc.

**Report on the audit of the financial statements****Opinion**

We have audited the consolidated financial statements of Management Sciences for Health, Inc. a nonprofit organization (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2025 and 2024, and 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 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 of the consolidated financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 the financial statements are issued.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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 US GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements as a whole. The consolidating schedule of activities, schedule of indirect costs, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures.

These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

**Other reporting required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

*Grant Thornton LLP*

Boston, Massachusetts  
September 29, 2025

**Management Sciences for Health, Inc.**

**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**June 30,**

	<b>2025</b>	<b>2024</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 38,274,523	\$ 10,572,934
Restricted use cash (Note 2)	6,049,571	8,038,687
Investments (Note 2)	75,461	17,197,027
Grants and contracts receivable, net of reserve (Notes 2 and 4)	2,804,600	6,721,315
Services performed but not yet invoiced (Notes 2 and 4)	3,711,756	17,234,400
Employee advances and other receivables (Notes 2 and 6)	322,323	1,548,427
Prepaid expenses and other current assets	1,411,359	3,458,680
Other assets	108,097	1,261,969
Property and equipment, net (Notes 2 and 7)	396,390	461,584
Right of use assets (Notes 2 and 13)	5,283,668	6,296,048
Total assets	\$ 58,437,748	\$ 72,791,071
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 3,572,658	\$ 1,976,754
Accrued expenses and other current liabilities (Note 8)	1,700,376	3,729,580
Accrued payroll and payroll-related liabilities (Note 9)	3,353,114	11,801,622
Deferred revenue	5,376,745	6,806,030
Right of use liabilities (Note 13)	7,486,272	8,686,974
Total liabilities	21,489,165	33,000,960
<b>Net Assets (Note 2)</b>		
Without donor restrictions	33,597,491	36,488,470
With donor restrictions (Notes 10 and 11)	3,351,092	3,301,641
Total net assets	36,948,583	39,790,111
Total liabilities and net assets	\$ 58,437,748	\$ 72,791,071

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

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30,

	2025		2024
	Without Donor Restrictions	With Donor Restrictions	Summarized Total
<b>Public support and other revenue</b>			
Grants and contract revenue	\$ 127,766,143	\$ -	\$ 127,766,143
Contributions of cash and other financial assets	177,271	76,200	253,471
Contributions of nonfinancial assets	45,009	-	45,009
Interest income	969,926	62,736	1,032,662
Miscellaneous income	47,628	-	47,628
Net assets released from restriction	198,723	(198,723)	-
Total public support and other revenue	129,204,700	(59,787)	129,144,913
<b>Operating Expenses</b>			
Program services	93,520,981	-	93,520,981
Supporting services			
Management and general	36,893,798	-	36,893,798
Fundraising	8,374	-	8,374
Total supporting services	36,902,172	-	36,902,172
Total operating expenses	130,423,153	-	130,423,153
<b>Change in net assets from operating activities</b>	(1,218,453)	(59,787)	(1,278,240)
<b>Other changes in net assets</b>			
Foreign exchange loss	(2,475,492)	-	(2,475,492)
Realized gain on investments	2,310,448	264,136	2,574,584
Realized gain on sale of asset	-	-	-
Unrealized gain (loss) on investments	(1,507,482)	(154,898)	(1,662,380)
Total other changes in net assets	(1,672,526)	109,238	(1,563,288)
<b>Change in net assets</b>	(2,890,979)	49,451	(2,841,528)
<b>Net assets, beginning of year</b>	36,488,470	3,301,641	39,790,111
<b>Net assets, end of year</b>	\$ 33,597,491	\$ 3,351,092	\$ 36,948,583

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

**Management Sciences for Health, Inc.**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

**Years ended June 30, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support and other revenue</b>			
Grants and contract revenue	\$ 166,833,184	\$ -	\$ 166,833,184
Contributions of cash and other financial assets	44,077	100,145	144,222
Contributions of nonfinancial assets	132,826	-	132,826
Interest income	562,380	50,885	613,265
Miscellaneous income	1,109,301	-	1,109,301
Net assets released from restriction	290,439	(290,439)	-
	<u>168,972,207</u>	<u>(139,409)</u>	<u>168,832,798</u>
Total public support and other revenue			
<b>Operating Expenses</b>			
Program services	<u>129,026,429</u>	<u>-</u>	<u>129,026,429</u>
Supporting services			
Management and general	38,093,569	-	38,093,569
Fundraising	9,548	-	9,548
	<u>38,103,117</u>	<u>-</u>	<u>38,103,117</u>
Total supporting services			
Total operating expenses	<u>167,129,546</u>	<u>-</u>	<u>167,129,546</u>
<b>Change in net assets from operating activities</b>	<u>1,842,661</u>	<u>(139,409)</u>	<u>1,703,252</u>
<b>Other changes in net assets</b>			
Foreign exchange loss	(126,370)	-	(126,370)
Realized gain on investments	288,881	-	288,881
Realized gain on sale of asset	5,099	-	5,099
Unrealized gain on investments	1,179,994	95,469	1,275,463
	<u>1,347,604</u>	<u>95,469</u>	<u>1,443,073</u>
Total other changes in net assets			
<b>Change in net assets</b>	3,190,265	(43,940)	3,146,325
<b>Net assets, beginning of year</b>	<u>33,298,205</u>	<u>3,345,581</u>	<u>36,643,786</u>
<b>Net assets, end of year</b>	<u>\$ 36,488,470</u>	<u>\$ 3,301,641</u>	<u>\$ 39,790,111</u>

The accompanying notes are an integral part of this consolidated financial statement.

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30,

	2025				2024	
	Program Services	Supporting Services			Total	Summarized Total
		Management and General	Fundraising	Total		
<b>Salaries and related expenses</b>						
Salaries, benefits, and taxes	\$ 44,458,243	\$ 27,254,204	\$ 8,374	\$ 27,262,578	\$ 71,720,821	\$ 87,233,815
<b>Other expenses</b>						
Subcontract and grant costs	16,609,267	107,179	-	107,179	16,716,446	19,622,500
Consultants	3,459,577	354,808	-	354,808	3,814,385	4,587,003
Training and workshops	11,611,854	44,363	-	44,363	11,656,217	16,522,904
Equipment and supplies	1,966,557	1,649,508	-	1,649,508	3,616,065	5,627,274
Travel and transportation	6,097,725	683,653	-	683,653	6,781,378	12,517,209
Office supplies and expense	4,229,419	1,336,589	-	1,336,589	5,566,008	6,281,256
Occupancy	1,712,014	953,288	-	953,288	2,665,302	5,800,497
IT and telecommunications	1,233,322	53,563	-	53,563	1,286,885	2,355,019
Legal and audit	239,464	617,580	-	617,580	857,044	1,220,092
Outside services	1,880,073	521,991	-	521,991	2,402,064	3,783,074
Miscellaneous	52,959	726,238	-	726,238	779,197	1,114,540
Depreciation and amortization	507	398,391	-	398,391	398,898	404,309
Bad debt expense	(30,000)	2,192,443	-	2,192,443	2,162,443	60,054
Total expenses	<u>\$ 93,520,981</u>	<u>\$ 36,893,798</u>	<u>\$ 8,374</u>	<u>\$ 36,902,172</u>	<u>\$ 130,423,153</u>	<u>\$ 167,129,546</u>

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

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Years ended June 30, 2024

	Program Services	Supporting Services			Total
		Management and General	Fundraising	Total	
<b>Salaries and related expenses</b>					
Salaries, benefits, and taxes	\$ 61,336,382	\$ 25,887,885	\$ 9,548	\$ 25,897,433	\$ 87,233,815
<b>Other expenses</b>					
Subcontract and grant costs	19,280,881	341,619	-	341,619	19,622,500
Consultants	3,812,310	774,693	-	774,693	4,587,003
Training and workshops	16,423,386	99,518	-	99,518	16,522,904
Equipment and supplies	3,730,673	1,896,601	-	1,896,601	5,627,274
Travel and transportation	10,718,650	1,798,559	-	1,798,559	12,517,209
Office supplies and expense	4,819,577	1,461,679	-	1,461,679	6,281,256
Occupancy	2,279,998	3,520,499	-	3,520,499	5,800,497
IT and telecommunications	2,102,212	252,807	-	252,807	2,355,019
Legal and audit	515,796	704,296	-	704,296	1,220,092
Outside services	3,198,321	584,753	-	584,753	3,783,074
Miscellaneous	801,658	312,882	-	312,882	1,114,540
Depreciation and amortization	4,657	399,652	-	399,652	404,309
Bad debt expense	1,928	58,126	-	58,126	60,054
<b>Total expenses</b>	<b>\$ 129,026,429</b>	<b>\$ 38,093,569</b>	<b>\$ 9,548</b>	<b>\$ 38,103,117</b>	<b>\$ 167,129,546</b>

The accompanying notes are an integral part of this consolidated financial statement.

**Management Sciences for Health, Inc.**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years ended June 30,

	<b>2025</b>	<b>2024</b>
Change in net assets	\$ (2,841,528)	\$ 3,146,325
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation and amortization	398,898	404,309
Bad debt expense	2,162,443	60,054
Net realized and unrealized gain on investments	(912,204)	(1,564,344)
Gain on sale of fixed assets	-	(5,099)
Changes in certain assets and liabilities:		
Grants and contracts receivable	1,754,272	1,732,463
Services performed but not yet invoiced	13,522,644	(5,458,262)
Employee advances and other receivables	1,226,103	(325,628)
Prepaid expenses and other current assets	2,047,322	48,224
Right of use assets	1,012,380	3,759,000
Other assets	1,153,872	(234,397)
Accounts payable	1,595,904	(81,138)
Accrued expenses and other current liabilities	(2,029,204)	1,004,176
Accrued payroll and payroll related liabilities	(8,448,508)	924,484
Deferred revenue	(1,429,285)	(2,278,235)
Lease liabilities	(1,200,703)	(661,077)
Net cash provided by operating activities	<u>8,012,406</u>	<u>470,855</u>
Cash flows from investing activities:		
Purchase of investments	(305,566)	(1,452,163)
Proceeds from sale of investments	18,339,337	1,055,619
Proceeds from sale of fixed assets	-	5,099
Purchase of fixed assets	(333,704)	(596,308)
Net cash provided by (used for) investing activities	<u>17,700,067</u>	<u>(987,753)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>25,712,473</u>	<u>(516,898)</u>
<b>Cash and cash equivalents and Restricted Cash, beginning of year</b>	<u>18,611,621</u>	<u>19,128,519</u>
<b>Cash and cash equivalents and Restricted Cash, end of year</b>	<u>\$ 44,324,094</u>	<u>\$ 18,611,621</u>

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

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**June 30, 2025 and 2024**

**NOTE 1 - ORGANIZATION**

Management Sciences for Health, Inc. (the Organization) was established in 1971 to support the development and application of management concepts in the fields of public health and preventive medicine throughout the world. The Organization has United States (U.S.) offices in Virginia and field offices in various developing countries. During the year ended June 30, 2025, these developing countries included Afghanistan, Bangladesh, Benin, Burkina Faso, Cameroon, Cote d'Ivoire, The Democratic Republic of the Congo, Ethiopia, Guatemala, Indonesia, Jordan, Kenya, Liberia, Madagascar, Malawi, Mali, Mozambique, Nigeria, Philippines, Rwanda, Senegal, South Africa, Tanzania, Uganda, and Ukraine.

The Internal Revenue Service (IRS) has recognized the Organization as a tax-exempt organization under Section 501(c)(3). Section 501(c)(3) of the Internal Revenue Code (the Code) provides for the exemption of organizations that are organized and operated exclusively for religious, charitable, scientific, literary or educational purposes and whose net earnings do not inure the benefit of any private shareholder or individual.

***Going concern***

The Organization's revenues are generated from contracts with the U.S. government agencies, primarily the U.S. Agency for International Development (USAID). The percentage of revenue earned from U.S. government agencies was 84% and 91% for the years ended June 30, 2025 and 2024, respectively. In early 2025 USAID terminated approximately 86% of its programs and announced the full separation of staff by September 2, 2025. This abrupt termination of funding and withdrawal of USAID removed a significant portion of global humanitarian funding and resulted in a material reduction in the Organization's revenue. As a result, the Organization forecasts reduction in revenue, from U.S Government sources, to 50% in FY 2026. Management's analysis of cash flow projections, coupled with cost reduction and restructuring will be sufficient to support the Organization to continue its mission to make a lifesaving impact in its work through other government funders, corporations and foundations, and expects to be able to remain viable as a smaller organization than in the past as a going concern.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Financial Statement Presentation***

The consolidated financial statements include the accounts of Management Sciences for Health, Inc. and its subsidiaries and are prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). All significant intercompany transactions have been eliminated. Unless otherwise noted, these consolidated entities are hereinafter referred to as "the Organization".

Consolidated subsidiaries include:

- Medsource Group Limited (Medsource), a controlled subsidiary, was registered on March 23, 2017 in the Republic of Kenya. In June 2024, the Board of Directors supported management's decision to dissolve Medsource. Winddown activities have commenced as of June 30, 2024 and are continuing through June 30, 2025. All remaining assets, net of liabilities, will be transferred to the Organization upon final dissolution, anticipated by December 31, 2025.
- MSH India Health Management Private Limited (MSHI), a controlled subsidiary, was incorporated in India on March 28, 2023.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

- Management Sciences for Health LTD/GTE (MSHN) was established on September 13, 2006, under the laws of Nigeria as a not-for-profit organization. There was no income earned, or expenses incurred by MSHN for the years ended June 30, 2025 and 2024.
- Management Sciences for Health (MSHS) was incorporated on January 5, 2009, under the laws of Swaziland as a not-for-profit organization. There was no income earned, or expenses incurred by MSHS for the years ended June 30, 2025 and 2024.

***Cash and Cash Equivalents***

Cash and cash equivalents represent cash on hand and short-term, highly liquid investments that are both readily convertible to cash on demand without penalty and have maturities of three months or less when purchased. Cash and cash equivalents include operating cash accounts and money market accounts held in the U.S. and abroad. Cash deposits in foreign banks totaled \$1,756,656 and \$2,905,266, as of June 30, 2025 and 2024, respectively.

***Restricted Use Cash***

Certain cash is restricted to specific donor use and is required to be held in a separate account. As of June 30, 2025 and 2024, the Organization held \$6,049,571 and \$8,038,687, respectively, of donor-restricted cash.

***Investments***

The Organization's investments are reported at fair value. The values of the publicly traded securities are based on quoted daily market prices. The Organization had net investment income of \$1,217,770 and \$2,000,128, respectively, for the years ended June 30, 2025 and 2024.

***Grants and Contracts Receivable and Allowance for Doubtful Accounts***

Grants and contracts receivable consist primarily of noninterest-bearing amounts due from funders. Grants and contracts receivable are expected to be collected within one year and are recorded at net realizable value. Management conducts a review of the receivable balances and has established an allowance amounting to \$2,491,713 and \$332,608 as of June 30, 2025 and 2024, respectively. Receivable balances deemed uncollectible are written off in the period such determination is made.

Revenue recognized on grants and contracts but not yet invoiced is classified in the accompanying consolidated statement of financial position as services performed but not yet invoiced.

***Employee Advances and Other Receivables***

The Organization advances monies to employees to cover the cost of travel and certain programmatic activities incurred on the Organization's behalf. These advances are generally cleared within 30 days or upon completion of employee travel.

***Property and Equipment***

Property and equipment additions over \$5,000 individually, or \$50,000 in the aggregate, are capitalized and recorded at cost. Depreciation and amortization are computed using the straight-line method over the

Management Sciences for Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

estimated useful lives of the assets ranging from three to five years or, in the case of capitalized leasehold improvements, the lesser of the useful life of the asset or the lease term:

<u>Type of Asset Class</u>	<u>Useful Lives</u>
Furniture and equipment	5 years
Leasehold improvements	Lesser of 10 years or lease duration
Computer and software	3 years
Vehicles	5 years

When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent that the carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2025 and 2024.

***Right-of-Use Assets and Lease Liabilities***

The Organization adopted ASU 2016-02, *Leases (Topic 842)* as of July 1, 2022. After the adoption of this standard, the Organization determines if an arrangement contains a lease at inception based on whether there is an identified asset and whether the Organization controls the use of the identified asset throughout the period of use. The Organization classifies leases as either financing or operating. Right-of-use ("ROU") assets are recognized at the lease commencement date and represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments over the remaining lease term. Present value of lease payments is discounted based the risk-free rate. Expenses related to leases determined to be operating leases are recognized on a straight-line basis, while those determined to be finance leases are recognized following a front-loaded expense pattern in which interest and amortization are presented separately in the statement of activities.

The Organization assesses whether a lease is classified as an operating lease or a finance lease at lease commencement.

The Organization's ROU assets are initially measured based on the corresponding lease liability adjusted for (i) payments made to the lessor at or before the commencement date, (ii) initial direct costs incurred and (iii) lease incentives under the lease. Options to renew or terminate the lease are recognized as part of the ROU assets and lease liabilities when it is reasonably certain the options will be exercised. ROU assets are also assessed for impairments consistent with the long-lived asset guidance.

The Organization does not allocate consideration between lease and non-lease components, such as operating costs, as the Organization has elected to not separate lease and non-lease components for any leases within its existing classes of assets. Operating lease expense for fixed lease payments is recognized on a straight-line basis over the lease term. Variable lease payments for usage-based fees are not included in the measurement of the ROU assets or lease liabilities and are expensed as incurred.

Management Sciences for Health, Inc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

Operating leases are presented separately as ROU assets and lease liabilities in the accompanying consolidated balance sheet.

**Net Assets**

The classification of a not-for-profit organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions - This class consists of net assets not restricted by donor-imposed stipulations.

With Donor Restrictions - This class consists of net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization are classified as net assets with donor restrictions-perpetual in nature. Donors designate the purpose primarily in support of the Organization's program activities related to maternal and family healthcare, staff development and advocacy.

**Revenue Recognition**

The Organization recognizes revenue over time when there is a continuous transfer of control to the customer. For the Organization's U.S. government contracts, this continuous transfer of control to the customer is supported by clauses in the contract that allow the U.S. government to unilaterally terminate the contract for convenience, pay the Organization for costs incurred plus a reasonable profit and take control of any work in progress. When control is transferred over time, revenue is recognized based on the extent of progress towards completion of the performance obligation. Based on the nature of the products and services provided in the contract, the Organization uses judgment to determine if an input measure or output measure best depicts the transfer of control over time. For service contracts, performance obligations are typically determined to be satisfied as services are rendered. Typically, a cost-based input method is used to measure progress. Contract costs include labor, material and allocable indirect expenses. Revenue is recognized proportionally as contract costs are incurred plus estimated fees.

The Organization generally provides services under cost-reimbursable and fixed-price terms. Under cost-reimbursable contracts, costs that are determined to be reasonable, allowable and allocable to the contract are reimbursable and include a fee representing the profit margin negotiated between MSH and the contracting agency. The negotiated fee may be fixed or performance based. Under fixed-price contracts, specific tasks are performed for a fixed price. Transaction price is determined using the expected value method, based on probability-weighted outcomes and forecasted levels of effort on contracts. Losses are recorded at such time that management determines that costs, including estimated costs to complete, exceed the contract amount.

Services performed, but not yet invoiced, typically result from revenue under contracts whereby the cost input measure of progress is utilized to recognize revenue and revenue recognized exceeds the amount billed to the customer. Services performed, but not yet invoiced, include unbillable receivables, but exclude billed receivables. Billed receivables are rights to consideration which are unconditional other than to the passage of time. Deferred revenue includes advance payments and billings in excess of revenue recognized.

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**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The Organization negotiates its indirect cost rate with USAID on an annual basis. Based on favorable past experience, management believes the effects of changes to the indirect cost rates, if any, would not be material to the consolidated financial statements.

***Contributions***

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Contributions received, including unconditional promises to give, if any, are reported at their net realizable values. Gifts of cash and other assets are reported as donations with restrictions if they are received with donor stipulations that limit their use or if they are intended to support activities in future periods. Contributions with donor-imposed restrictions that are met in the same accounting period are recorded as unrestricted income.

***Donated Services***

Contributions of nonfinancial assets are donated professional services from attorneys advising the Organization on various administrative legal matters valued at \$45,009 and \$132,826, respectively, for the years ended June 30, 2025 and 2024, respectively. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services and are recorded as management and general expenses.

***Cost Share***

Some of the Organization's agreements, primarily those funded by the U.S. Government, include cost share requirements that require the Organization to match funding received from U.S. government agencies. The requirements are typically based on a percentage of amounts expended. The Organization reported \$5,127,248 and \$2,031,882 for the years ended June 30, 2025 and 2024, respectively.

***Contract Costs and Deferred Costs***

The contract costs of MSH are subject to audit by the U.S. Government and other governments with which they contract, often many years after the work has been performed. These audits can result in adjustments to contract billings and related profits. The majority of the Organization's revenues are driven by pricing based on costs incurred to perform services under contracts with the U.S. Government. Cost-based pricing is determined in accordance with the Federal Acquisition Regulations (FAR). The FAR provides guidance on the types of costs that are allowable and their allowability in establishing prices for goods and services under U.S. Government contracts. In addition, the Organization may enter into agreements that address the allowability and allocation of costs to contracts for specific matters. Certain costs incurred in the performance of U.S. Government contracts are required to be recorded under U.S. GAAP but are not currently allocable to contracts. Such costs are deferred and primarily include post-employment benefits and deferred income taxes. These costs are allocated to contracts when they are paid or otherwise agreed upon. Management regularly assesses the probability of recovery of these costs.

***Foreign Currency***

The U.S. dollar (USD) is considered to be the functional currency of the Organization's worldwide operations, except for its affiliate operations in Medsource and MSHI, where the local currency used in MSH's foreign operations is considered to be the functional currency of these jurisdictions. Transactions in currencies other than USD have been translated into USD at the applicable exchange rates. For assets and liabilities, this is the rate in effect at the consolidated statement of financial position date, with the exception of fixed assets, which are measured at the historical rate. For revenue and expense items, translation is performed monthly using the average rate for the month. Net transaction and currency

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

conversion gains and losses are included in the accompanying consolidated statement of activities in the non-operating section as foreign exchange gains or losses. The cumulative translation gain is included in net assets without donor restrictions.

***Functional Allocation of Expense***

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. MSH records most program expenses as direct cost allocations. Some common expenses, such as office supplies and occupancy expenses are recorded as indirect allocations using a reasonable basis such as census or square footage.

The costs of delivering the Organization's mission are allocated according to their functional characteristics: program and program support, management and general, and fundraising. Direct program and direct program support expenses are directly allocated based on the technical, project management or project support activities that are required to ensure delivery of program and project results. Management and general consists of corporate and senior management costs to oversee and support the cumulative efforts of the Organization's programs and to promote the Organization's mission. Fundraising constitutes those costs incurred to raise private gifts. MSH utilizes standard job costing methods to allocate functional expenses. Fringe benefits, occupancy and other management and general expenses are recorded based on indirect allocations using a reasonable basis such as percentage of specific salaries or total expenses.

***Income Taxes***

The Organization was incorporated in the Commonwealth of Massachusetts and is exempt from federal and state income taxes under Section 501(c)(3) of the Code and, therefore, has made no provision for income taxes in the accompanying consolidated financial statements. The Organization has been recognized by the IRS as a public charity.

Under Accounting Standards Codification (ASC) 740, *Accounting for Uncertainty in Income Taxes*, an organization must recognize the financial statement effects associated with tax positions taken for tax return purposes when it is more likely than not the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax positions. The Organization has filed for and received income tax exemptions in the jurisdictions where it is required to do so. Additionally, the Organization has filed IRS Form 990 information returns, as required, and all other applicable returns in jurisdictions where so required. For the years ended June 30, 2025 and 2024, there were no material interest or penalties recorded or included in the consolidated statement of activities related to uncertain tax positions.

***Fair Value Measurements of Financial Instruments***

The Organization estimates fair value based on a valuation framework that uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). See Note 5.

***Risks and Uncertainties***

The Organization operates in various countries such as Afghanistan, Ethiopia, Nigeria and Ukraine, where political and/or economic instability may have a significant impact on ongoing projects and revenue

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

associated with those projects. If revenue is negatively impacted, other contracts may bear higher indirect rates than anticipated.

Due to the dissolution of USAID and early termination of USAID projects awarded to MSH in 2025, the Organization downsized the project staff and technical support functions and redesigned its organizational structure. The Organization continues as a co-plaintiff in a public case "Global Health Council, et al., Plaintiffs, v. Donald J. Trump, et al., Defendants".

In the normal course of business, the Organization is subject to legal claims. The Organization accrues a liability when it is probable that a loss will be incurred based on the information available and the advice of legal counsel, and the amount is reasonably estimable. Management believes that the resolution of these legal matters will not have a material effect on the Organization's financial position or results of operations.

***Concentration of Credit Risk***

The Organization maintains its cash in commercial banks that are in excess of the Federal Deposit Insurance Company (FDIC) limits. To date, the Organization has not experienced losses in these accounts.

Refer to note 1 for disclosures regarding concentration of revenues with the U.S. Government and in particular, USAID. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because outstanding amounts are due primarily from the U.S. government, which represent 88% and 93% of receivables as of June 30, 2025 and 2024, respectively. However, due to the continued uncertainty in timely payment from the U.S. Government and the value of the outstanding invoices as of June 30, 2025, the Organization provided for a reserve on a portion of accounts receivable at June 30, 2025 assessed to be doubtful to collect, more than historical rates dictate. The remaining accounts receivable are derived from other government funders, corporations and foundations.

***Use of Estimates***

The preparation of consolidated financial statements in conformity with U.S. GAAP requires the Organization's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

***Reclassifications***

Certain 2024 consolidated financial statement amounts have been reclassified to conform to the 2025 consolidated financial statement classification. These reclassifications have no effect on total assets, liabilities, or net assets.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's financial assets available for use within one year of the consolidated statement of financial position date for general expenditures are as follows:

	June 30,	
	2025	2024
Cash and cash equivalents	\$ 38,274,523	\$ 10,572,934
Investments	75,461	17,197,027
Grants and contracts receivable, net	2,804,600	6,721,315
Services performed but not yet invoiced	3,711,756	17,234,400
	44,866,340	51,725,676
Less amounts unavailable for general expenditures within one year, due to:		
Restricted by donors in perpetuity	-	1,018,765
Total financial assets available for general expenditures within one year	\$ 44,866,340	\$ 50,706,911

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. In addition, the Organization invests cash in excess of daily requirements in short-term investments. In 2025, the Organization liquidated its investments to money market accounts. As of June 30, 2025, \$1,018,765 of assets restricted by donors in perpetuity is included in restricted cash (Note 2).

**NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE**

Grants and contracts receivable and services performed, but not yet invoiced, included the following:

	June 30,	
	2025	2024
Grants and contracts receivable from:		
U.S. government receivables	\$ 4,636,492	\$ 6,535,210
Other funders	659,821	518,713
Allowance for doubtful accounts	(2,491,713)	(332,608)
Total grants and contracts receivable	\$ 2,804,600	\$ 6,721,315
Services performed, but not yet invoiced from:		
U.S. government on billings with standing letters of credit	\$ 701,203	\$ 8,549,129
Other U.S. government receivables	2,823,124	7,572,824
Other funders	187,429	1,112,447
Total services performed but not yet invoiced	\$ 3,711,756	\$ 17,234,400

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

**NOTE 5 - FAIR VALUE MEASUREMENTS**

U.S. GAAP defines fair value, establishes a framework for measuring fair value and expands the disclosures about fair value measurements. U.S. GAAP defines fair value 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 a principal or most advantageous market. Fair value is a market-based measurement that is determined based on inputs, which refer broadly to assumptions that market participants use in pricing assets or liabilities. These inputs can be readily observable, market corroborated, or unobservable. U.S. GAAP established a fair value hierarchy, which prioritizes the inputs to valuation techniques used to measure fair value in three broad levels. The standard requires that assets and liabilities be classified in their entirety based on the level of input that is significant to the fair value measurement. Assessing the significance of a particular input may require judgment considering factors specific to the asset or liability and may affect the valuation of the asset or liability and its placement within the fair value hierarchy. The Organization classifies fair value balances based on the fair value hierarchy defined by U.S. GAAP, as follows:

Level 1 - Valuations are based on quoted market prices in active markets for identical assets or liabilities at the measurement date.

Level 2 - Valuations are based on:

- (a) quoted prices for similar assets or liabilities in active markets,
- (b) quoted prices for identical or similar assets or liabilities in inactive markets,
- (c) inputs other than quoted prices that are observable for the asset or liability, and
- (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Valuation is based on inputs that are unobservable and reflect management's best estimate of what market participants would use as fair value.

The Organization's investments are held in Exchange Traded Funds and bond funds. These are classified within Level 1, since fund shares have a readily determinable fair value based on daily redemption values. Money market funds held in the U.S. and abroad are classified in the accompanying consolidated statement of financial position as cash and cash equivalents.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 6 - EMPLOYEE ADVANCES AND OTHER RECEIVABLES**

The Organization advances monies to employees to cover the cost of travel and certain programmatic activities incurred on the Organization's behalf. Employee advances and other receivables consisted of the following:

	June 30,	
	2025	2024
Employee advances - field offices	\$ 207,260	\$ 989,193
Employee advances - U.S.	739	104,261
Other receivables	114,324	454,973
Total employee advances and other receivables	\$ 322,323	\$ 1,548,427

**NOTE 7 - PROPERTY AND EQUIPMENT, NET**

Property and equipment, net, consisted of the following:

	June 30,	
	2025	2024
Furniture and equipment	\$ 106,748	\$ 3,011,539
Computer and software	895,266	1,457,083
Vehicles	91,472	91,472
Leasehold improvements	-	963,574
Total property and equipment	1,093,486	5,523,668
Less: accumulated depreciation	(697,096)	(5,062,084)
Total property and equipment, net	\$ 396,390	\$ 461,584

Depreciation and leasehold improvement amortization expense for the years ended June 30, 2025 and 2024 were \$172,585 and \$171,212, respectively. Amortization expense related to prepaid software development costs totaled \$232,337 and \$233,097, respectively, for the years ended June 30, 2025 and 2024. Property and equipment associated with the Organization's Medford, MA lease was fully depreciated and was disposed of upon lease expiration in October 2024 (Note 13).

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 8 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES**

Accrued expenses and other current liabilities consisted of the following:

	June 30,	
	2025	2024
Accrued expenses - U.S.	\$ 771,204	\$ 1,633,412
Accrued expenses - field offices	918,001	2,065,329
Amounts due to funders	11,171	30,839
Total accrued expenses and other current liabilities	\$ 1,700,376	\$ 3,729,580

**NOTE 9 - ACCRUED PAYROLL AND PAYROLL-RELATED LIABILITIES**

The Organization accrues the expense for employee vacation as earned, based on the Organization's policy, or as required pursuant to local law. Other employee paid time off is expensed as paid, unless vested pursuant to local law. The Organization expenses termination payments required by local law based on local vesting schedules and requirements or as applied by local common practice. In countries where termination payments are not fully vested, expense is accrued based on estimates using historical payouts.

Accrued payroll and payroll-related liabilities consisted of:

	June 30,	
	2025	2024
Salaries, wages, and payroll taxes payable	\$ 626,651	\$ 2,892,328
Accrued vacation and paid time off	1,029,211	4,201,168
Accrued termination payments	1,498,280	3,735,749
Employee benefits payable	165,095	913,934
Retirement plan contributions payable	33,877	58,443
Total accrued payroll and payroll-related liabilities	\$ 3,353,114	\$ 11,801,622

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

**NOTE 10 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods as follows:

	June 30,	
	2025	2024
Net assets with donor restrictions subject to expenditure for specified purpose or period:		
Purpose restriction	\$ 2,012,434	\$ 2,060,112
Endowments subject to the Organization's spending policy and appropriation:		
Investment in perpetuity		
Corpus	1,018,765	1,018,765
Accumulated, unappropriated earnings to support general operations	319,893	222,764
Total endowments subject to the Organization's spending policy and appropriation	1,338,658	1,241,529
Total net assets with donor restrictions	\$ 3,351,092	\$ 3,301,641

**NOTE 11 - ENDOWMENT FUNDS**

***Endowment Fund***

The Organization's permanent endowment consists of a single fund received from a donor to establish a permanent endowment to support MSH's business purposes within the scope of its 501(c)(3) registration. Net assets associated with this permanent endowment fund are classified and reported as net assets with donor restrictions.

***Relevant Law***

Under the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted in the Commonwealth of Massachusetts, the governing board has discretion to determine appropriate expenditures of a donor restricted endowment fund in accordance with a robust set of guidelines about what constitutes prudent spending. UPMIFA permits the Organization to appropriate for expenditure or accumulate as much of an endowment fund as the Organization determines to be prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Certain criteria are to be used to guide the Organization in its yearly expenditure decisions following the "prudent person" standards.

Within the context of this permanent endowment and MSH's 501(c)(3) objectives, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any. Collectively, these amounts are referred to as the historic dollar value of the fund.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

Changes in endowment net assets with donor restrictions are as follows for the years ended:

	June 30,	
	2025	2024
Endowment net assets, July 1	\$ 1,241,529	\$ 1,101,295
Investment return:		
Investment income, net	62,736	50,885
Net gains	109,238	95,469
Total investment return	171,934	146,354
Release from restriction	(74,845)	(6,120)
Endowment net assets, June 30	\$ 1,338,658	\$ 1,241,529

***Objectives, Risk Parameters, and Spending***

MSH's permanent endowment is to be invested with the objective of retaining the original corpus of the endowment while generating an income stream that may be applied to activities identified to be funded by the endowment. The spending policy under the permanent endowment, subject to approval by the Board of Directors, is 4-5%, but not to exceed 6%, net of administration fees and inflation, of the value of the endowment net assets on a rolling three-year basis. In making any spending decision from assets held in this fund, the Board of Directors must consider, and document that it has considered, that such decision is consistent with the "prudent person" standard for making an expenditure from a permanent endowment fund, including the following considerations as applicable or appropriate: (i) general economic conditions; (ii) the possible effect of inflation or deflation; (iii) the expected tax consequences, if any, of investment decisions or strategies; (iv) the role that each investment or course of action plays within the overall investment portfolio of the fund; (v) the expected total return from income and the appreciation of investments; (vi) other resources of the institution; (vii) the needs of the institution and the fund to make distributions and to preserve capital; and (viii) an asset's special relationship or special value, if any, to the purposes of the institution. In addition, any such spending decision must be recommended by the Finance Committee for approval by the Board, which must consider and document these same considerations. Approval for these appropriations is made as part of the annual budget approval by the board.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Finance Committee is responsible for establishing an asset allocation policy. The asset allocation policy is designed to attempt to achieve diversity among capital markets and within capital markets, by investment discipline and management style. The Investment Committee designs a policy portfolio considering the endowment's needs for liquidity, preservation of purchasing power and risk tolerance. There is no limitation on the types of investments in which the endowment fund may be invested, and it is intended that the Board and the Investment Committee have the broadest flexibility as to the selection of investments for the endowment fund.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

The Organization targets a diversified asset allocation that places emphasis on investments in equities and fixed income securities that conform to the Organization's ethical and Environmental, Social, and Governance (ESG) guidelines. The asset allocation on a fully invested target is 65% equities (comprised of 50% domestic equity and 50% international equity) and 35% fixed income (comprised of 100% domestic) passive investments.

In keeping with the Portfolio's overall long-term financial objective, the Committee evaluates portfolio and manager performance over a suitably long-term investment horizon, across full market cycles or, at a minimum, on a rolling five-year basis.

**NOTE 12 - EMPLOYEE RETIREMENT PLANS**

***Section 401(k) Plan***

The Organization sponsors a defined contribution plan (the Plan) that is tax-qualified under Section 401(a) of the Code and that includes a qualified cash or deferred arrangement feature under Section 401(k) of the Code. The Plan covers substantially all full-time employees on U.S. payroll. Participants may elect to contribute into the Plan on a pre-tax basis by making elective salary-reduction contributions. In addition, participants may make after-tax contributions, or Roth contributions, to the Plan. The Organization's 401(k) Plan provides for a matching contribution equal to 100% of the first 3% of compensation deferred by the participant and a 4% contribution to all employees with at least one year of service. The Organization's total contributions to the Plan amounted to \$1,822,330 and \$2,257,870 for the years ended June 30, 2025 and 2024, respectively.

Effective February 5, 2025, the Organization froze all employer contributions to the Plan. The Organization receives a significant amount of its funding from various U.S government agencies (Note 2), including USAID. In January 2025, the U.S government paused almost all foreign aid programs and subsequently USAID was closed. Given the uncertainty in future funding, in February 2025 management implemented cost reduction measures including a substantial reduction in force. As a result of the reduction in force, a partial Plan termination was triggered. Impacted employees remain fully vested in their Plan related accounts.

While the Organization expects to continue the Plan indefinitely, it has reserved the right to modify, amend or terminate the Plan. In the event of Plan termination, all participants will become 100% vested in their accounts and the net assets of the Plan will be set aside for the payment of benefits to the participants.

Outside of the United States, most employees are citizens of the countries where the Organization maintains offices. These employees are generally not eligible for the Plan, but they are eligible for local government plans or plans sponsored by the Organization for that country. The locally sponsored plans generally require funding based on years of employment and payment upon termination.

***Section 457(b) Plan***

The Organization sponsors a deferred compensation plan (the Deferred Plan) intended to be an eligible deferred compensation plan within the meaning of Section 457(b) of the Code. The Deferred Plan is unfunded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees and is exempt from The Employee Retirement Income Security Act (ERISA) under Sections 201(2), 301(a)(3), and 401(a)(1). Participants have a fully vested and non-forfeitable interest in the balance of the account at all times. The Organization does not contribute to this Deferred Plan.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

While the Organization expects to continue the Deferred Plan indefinitely, it has reserved the right to modify, amend or terminate the Deferred Plan. In the event of Plan termination, the net assets of the Deferred Plan will be set aside for the payments of benefits to the participants.

**NOTE 13 - LEASES**

The Organization leases offices and program space under various multi-year non-cancelable lease arrangements in the U.S. and foreign locations with various expiry dates through June 2036. The lease arrangements generally provide for periodic rent increases and may contain renewal options. In calculating the lease liability, renewal options are included in the lease term when it is reasonably certain the options will be exercised. The Organization also leases space in support of the foreign operations under various short-term rental agreements which are not subject ROU asset and lease liability recognition by accounting policy election.

The Organization made an accounting policy election to not separate lease components and non-lease components and treat both combined as a single lease component for lease accounting purposes. Some office and program space leases may require additional variable payments for common area maintenance, taxes, insurance, and other costs which are not included in determining the ROU asset and lease liability balances.

The Organization elected to use the risk-free rate as the discount rate, determined based on the daily rates for U.S. treasury securities posted by the U.S. Federal Reserve and the U.S. Department of the Treasury. The discount rate used reflected the posted rate as of the previous quarter end that most closely corresponds to the lease term.

***U.S. Location Leases***

The Organization leased office space in Medford, Massachusetts for its U.S. headquarters through October 2024. A portion of this space has been subleased to a third party with similar expiry date and annual rent increases. In recognizing sublease income on a straight-line basis over the term of the sublease, there was a receivable of \$10,829 as of June 30, 2024.

Since 2001, the Organization has leased certain office space in Arlington, Virginia in support of local operations with the arrangement scheduled to expire in October 2024. In March 2023, the Organization entered into a lease for office space at a new location in Arlington, Virginia and moved to the new facility in Fall 2023. The new Arlington, Virginia lease is for an initial term until June 2036 and provides an improvement allowance of \$2.3 million for completion of improvements to the facilities and a base rent abatement of \$1.9 million. In June 2023 the Organization entered into a lease termination agreement under which the previous Arlington, Virginia lease ended in December 2023 with the payment of a termination fee of \$1.9 million which has been substantially offset by the base rent abatement from the new lease.

***International Location Leases***

The Organization enters into lease agreements in support of its international operations consistent with local business practices. Most of these lease arrangements are short-term or have early termination provisions which do not require lease accounting asset and liability recognition. Right of use assets and lease liabilities for leases that exceed 12 months as of June 30, 2024 for international operations amounted to \$270,000.

**Management Sciences for Health, Inc.**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2025 and 2024**

***Lease Expense, Supplemental Quantitative Information, Maturities of Lease Liabilities***

A summary of lease expense is as follows as of June 30:

	June 30,	
	2025	2024
Operating lease expense	\$ 1,014,028	\$ 4,474,064
Variable lease expense	50,740	137,509
Short-term lease expense	12,445	1,301,665
Total	\$ 1,077,213	\$ 5,913,238

The operating lease costs are reflected on the consolidated statement of functional expenses in the Occupancy line.

Supplemental quantitative information related to operating leases is as follows:

	June 30,	
	2025	2024
Cash paid for amounts included in the measurement of lease liabilities operating cash flows from operating leases	\$ 1,338,290	\$ 1,388,722
New ROU assets and operating lease liabilities upon ASC842 implementation	\$ -	\$ 403,492
Weighted-average remaining lease term in years for operating leases	6.29	6.92
Weighted-average discount rate for operating leases	3.48%	3.47%

Maturities of operating lease liabilities are as follows for the year ending:

June 30, 2026	\$ 726,920
June 30, 2027	745,026
June 30, 2028	763,653
June 30, 2029	782,802
June 30, 2030	802,398
Thereafter	5,252,880
Total undiscounted cash flows	9,073,679
Less: present value discount	(1,587,407)
Total lease liabilities	\$ 7,486,566

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

June 30, 2025 and 2024

**NOTE 14 - COMMITMENTS AND CONTINGENCIES**

***Litigation***

The Organization is currently the object of potential and pending lawsuits and disputes related to alleged employment-related practices, including wrongful termination, severance calculations, and so forth. Additionally, an employee has filed a claim alleging noncompliance with fiduciary responsibilities related to the 401(k) Retirement Plan. Separately, there is an audit finding from the Special Inspector General for Afghanistan Reconstruction (SIGAR) currently under discussion. The estimated range of exposure for the contingencies that are considered reasonably possible is between \$25,000 and \$2,000,000, with a total aggregate amount of \$2,315,000.

***Federal Funding***

The Organization receives funding from donors, subject to routine special audits around compliance with donor specific restrictions and conditions, including certain federally funded programs. In the opinion of management, adjustments that might result from such audits would not have a material effect on the Organization's consolidated financial position.

***Foreign Operations***

Due to the nature of its operations, the Organization is subject to the continuing impact of foreign governments and their policy changes. Such changes could have wide-ranging impact on the Organization's operations; however, no material event has previously occurred.

**NOTE 15 - SUBSEQUENT EVENTS**

The Organization's management has performed subsequent event procedures through September 29, 2025, which is the date the consolidated financial statements were available to be issued, and there were no subsequent events requiring adjustment to the consolidated financial statements or disclosures herein.

SUPPLEMENTAL INFORMATION

Management Sciences for Health, Inc.

CONSOLIDATING SCHEDULE OF ACTIVITIES

Year ended June 30, 2025

	Management Sciences for Health, Inc.						2025
	Without Donor Restrictions	With Donor Restrictions	Total	Medsource	India	Eliminations	Consolidated
<b>Public support and other revenue</b>							
Grants and contract revenue	\$ 127,766,143	\$ -	\$ 127,766,143	\$ -	\$ 904,541	\$ (904,541)	\$ 127,766,143
Contributions of cash and other financial assets	177,271	76,200	253,471	-	-	-	253,471
Contributions of nonfinancial assets	45,009	-	45,009	-	-	-	45,009
Interest income	969,845	62,736	1,032,581	81	-	-	1,032,662
Miscellaneous income	47,628	-	47,628	-	-	-	47,628
Net assets released from restriction	198,723	(198,723)	-	-	-	-	-
Total public support and other revenue	129,204,619	(59,787)	129,144,832	81	904,541	(904,541)	129,144,913
<b>Operating expenses</b>							
Program services	93,369,387	-	93,369,387	124,044	882,525	(854,975)	93,520,981
Supporting services:							
Management and general	38,289,629	-	38,289,629	(20,378)	64,769	(1,440,222)	36,893,798
Fundraising	8,374	-	8,374	-	-	-	8,374
Total supporting services	38,298,003	-	38,298,003	(20,378)	64,769	(1,440,222)	36,902,172
Total operating expenses	131,667,390	-	131,667,390	103,666	947,294	(2,295,197)	130,423,153
<b>Change in net assets from operating activities</b>	(2,462,771)	(59,787)	(2,522,558)	(103,585)	(42,753)	1,390,656	(1,278,240)
<b>Other changes in net assets</b>							
Foreign exchange gain (loss)	(2,473,428)	-	(2,473,428)	(2,328)	-	264	(2,475,492)
Realized gain on investments	2,310,448	264,136	2,574,584	-	-	-	2,574,584
Unrealized loss on investments	(1,507,482)	(154,898)	(1,662,380)	-	-	-	(1,662,380)
Total other changes in net assets	(1,670,462)	109,238	(1,561,224)	(2,328)	-	264	(1,563,288)
<b>CHANGE IN NET ASSETS</b>	(4,133,233)	49,451	(4,083,782)	(105,913)	(42,753)	1,390,920	(2,841,528)
<b>Net assets, beginning of year</b>	37,630,211	3,301,641	40,931,852	98,313	144,858	(1,384,912)	39,790,111
Capitalization	-	-	-	124	(3,641)	3,517	-
<b>Net assets, end of year</b>	\$ 33,496,978	\$ 3,351,092	\$ 36,848,070	\$ (7,476)	\$ 98,464	\$ 9,525	\$ 36,948,583

**Management Sciences for Health, Inc.**

**SCHEDULE OF INDIRECT COST ALLOCATION**

**Years ended June 30, 2025**

***Indirect Expenses***

The Organization has incurred the following indirect expenses:

	<u>Amount</u>	<u>Percentage</u>
Indirect expenditures		
Fringe benefits	\$ 8,575,574	100.0%
Overhead		
Salaries, benefits, and taxes	\$ 7,550,520	90.2%
Occupancy	355,910	4.2%
Travel and transportation	104,690	1.2%
Subcontract and grant costs	26,211	0.3%
Consultants	158,315	1.9%
Office supplies and expense	30,005	0.4%
Legal and audit	19,331	0.2%
Miscellaneous	88,000	1.1%
IT and telecommunications	9,825	0.1%
Outside services	37,406	0.4%
Equipment and supplies	(393)	0.0%
Total overhead	<u>\$ 8,379,820</u>	<u>100.0%</u>
General & administrative		
Salaries, benefits, and taxes	\$ 19,984,362	77.2%
Occupancy	592,565	2.3%
Office supplies and expense	1,254,220	4.9%
Equipment and supplies	1,648,610	6.4%
Legal and audit	552,550	2.1%
IT and telecommunications	42,914	0.2%
Consultants	164,328	0.6%
Outside services	441,422	1.7%
Depreciation and amortization	359,958	1.4%
Travel and transportation	566,263	2.2%
Miscellaneous	117,183	0.5%
Training and workshops	43,715	0.2%
Subcontract and grant costs	80,968	0.3%
Total general & administrative	<u>\$ 25,849,058</u>	<u>100.0%</u>
Total indirect expenditures	<u>\$ 42,804,452</u>	<u>100.0%</u>

**Management Sciences for Health, Inc.**

**SCHEDULE OF INDIRECT COST ALLOCATION - CONTINUED**

**Year ended June 30, 2025**

**Allocation and Indirect Expenses**

The Organization has allocated its indirect costs as follows:

Indirect expenditures		
Fringe benefits		
Salaries, benefits, and taxes		<u>\$ 8,575,574</u>
Overhead		
Salaries, benefits, and taxes		\$ 7,718,442
Consultants		<u>661,378</u>
Total overhead		<u>\$ 8,379,820</u>
General and administrative		
Salaries, benefits, and taxes		\$ 15,717,317
Training and workshops		3,589,494
Subcontract and grant costs		1,335,649
Office supplies and expense		1,212,919
Travel and transportation		978,697
Consultants		1,289,162
Outside services		577,156
Equipment and supplies		264,064
Occupancy		518,023
IT and telecommunications		327,166
Miscellaneous		(26,409)
Legal and audit		65,301
Fundraising expenses		<u>519</u>
Total general and administrative		<u>\$ 25,849,058</u>

**Indirect Cost Rate Calculations**

<u>Base</u>	<u>Calculation</u>	<u>Rate (%)</u>
Fringe benefits	Total HQ fringe benefits/Total HQ direct, indirect and PTO labor costs	28.83
Overhead	Total overhead costs, including associated HQ fringe benefits/total direct and consultant labor including associated HQ fringe benefits	19.49
General and administrative	Total general and administrative costs including associated HQ fringe benefits/total direct costs including OH and HQ fringe less direct subaward and equipment costs	31.79

Management Sciences for Health, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2025

Federal Funding Agency Project Name	Assistance Listing Number	Pass-Through Entity	Pass Through Number	Provided to Subrecipients	Total Federal Expenditures
<b>Department of Health and Human Services-Center for Disease Control and Prevention (CDC)</b>					
Protecting and Improving Health Globally:					
Direct Programs:					
CDC NPHI	93.318	N/A - Direct	N/A - Direct	\$ 30,204	\$ 299,046
Total Protecting and Improving Health Globally Direct Programs				30,204	299,046
Total Department of Health and Human Services-Center for Disease Control and Prevention (CDC)				30,204	299,046
<b>U.S. Agency for International Development (USAID)</b>					
Foreign Assistance for Programs Overseas:					
Direct Programs:					
USAID Benin IHSA	98.001	N/A - Direct	N/A - Direct	3,747	(1,420)
USAID Madagascar ACCESS	98.001	N/A - Direct	N/A - Direct	701,139	10,897,785
Haiti (HLP) Activity	98.001	N/A - Direct	N/A - Direct	-	(467)
USAID Uganda	98.001	N/A - Direct	N/A - Direct	178,688	3,579,036
USAID Afghanistan NHTAP	98.001	N/A - Direct	N/A - Direct	4,289,062	14,580,387
USAID Ethiopia Eliminate Tuberculosis	98.001	N/A - Direct	N/A - Direct	1,210,369	7,542,259
USAID Ethiopia HRA	98.001	N/A - Direct	N/A - Direct	522,985	1,760,047
NEXT HSS Rwanda	98.001	N/A - Direct	N/A - Direct	486,825	4,519,026
Indonesia BEBAS-TB	98.001	N/A - Direct	N/A - Direct	948,710	9,254,411
LR Local Health Solutions	98.001	N/A - Direct	N/A - Direct	140,601	2,903,596
Uganda HSS	98.001	N/A - Direct	N/A - Direct	279,225	943,152
Benin HSSA	98.001	N/A - Direct	N/A - Direct	485,795	3,601,043
Total Foreign Assistance for Programs Overseas - Direct Programs				9,247,146	59,578,855
Pass-Through Programs:					
USAID Madagascar IMPACT	98.001	Population Services International	4492 - MSH - Oct18	25,796	474,862
JHPIEGO TMEC	98.001	Jhpiego Corporation	19-SBA-151	18,419	256,119
Health Workforce Improve	98.001	Jhpiego Corporation	20-SBA-107	-	80
Urban Health Initiative	98.001	Jhpiego Corporation	21-SBA-047	-	392,231
TB Reset Project Kenya	98.001	Centre for Health Solutions - Kenya	23-SBA-291	-	301,512
Total Foreign Assistance for Programs Overseas - Pass-Through Programs				44,215	1,424,804
Total Foreign Assistance for Programs Overseas				9,291,361	61,003,659
USAID Federal Contracts:					
USAID Direct Contracts:					
COMP TA Cameroon TO	98.U01	N/A - Direct	N/A - Direct	83,137	1,380,381
USAID Ukraine SAFEMED	98.U02	N/A - Direct	N/A - Direct	386,535	10,310,340
USAID Nigeria PMI IDIQ	98.U03	N/A - Direct	N/A - Direct	917,251	9,503,773
MTaPS	98.U04	N/A - Direct	N/A - Direct	543,908	15,665,642
HS4TB-Global	98.U05	N/A - Direct	N/A - Direct	1,405,167	5,786,137
Ethiopia SCS	98.U06	N/A - Direct	N/A - Direct	25,871	2,173,798
TB IDDS	98.U07	N/A - Direct	N/A - Direct	-	532
Total USAID Direct Contracts				3,361,869	44,820,603
Total U.S. Agency for International Development				12,653,230	105,824,262
Total Expenditures of Federal Awards				\$ 12,683,434	\$ 106,123,308

The accompanying notes are an integral part of this schedule.

**Management Sciences for Health, Inc.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year ended June 30, 2025**

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Management Sciences for Health, Inc. and its subsidiaries (the Organization), under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Schedule lists all federal awards, both assistance and contracts. Assistance listing numbers and pass-through entity identifying numbers are presented when available.

**NOTE 3 - INDIRECT COST RATE**

The Organization has elected not to use the 10% de-minimis indirect cost rate allowed under the Uniform Guidance.

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**GRANT THORNTON LLP**

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors  
Management Sciences for Health, Inc.

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the consolidated financial statements of Entity (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2025, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 29, 2025.

### **Report on internal control over financial reporting**

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

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

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

**Report on compliance and other matters**

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements.

However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this report**

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



Boston, Massachusetts  
September 29, 2025

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## **REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Management Sciences for Health, Inc.

### **Report on compliance for each major federal program**

#### **Opinion on each major federal program**

We have audited the compliance of Management Sciences for Health, Inc. (the "Organization") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2025. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

#### **Basis for opinion on each major federal program**

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

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

#### **Responsibilities of management for compliance**

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

### **Auditor's responsibilities for the audit of compliance**

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

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

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

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

### **Report on internal control over compliance**

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

deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

*Grant Thornton LLP*

Boston, Massachusetts  
December 16, 2025

**Management Sciences for Health, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year ended June 30, 2025**

**SECTION 1 - SUMMARY OF AUDITORS' RESULTS**

***Consolidated Financial Statements***

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

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                   yes                                      X   none reported
- Significant deficiency(ies) identified?              yes                                      X   none reported

Noncompliance material to financial statements noted?

       yes                                      X   none reported

***Federal Awards***

Internal control over the major program:

- Material weakness(es) identified?                   yes                                      X   none reported
- Significant deficiency(ies) identified?              yes                                      X   none reported

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

Unmodified

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

       yes                                      X   none reported

Identification of the major programs:

Assistance Listing Number/Grant/Contract Number	Name of Federal Program
98.U02	SAFEMED Ukraine
98.U03	PM IDIQ Nigeria
98.U05	HS4TB-Global

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

\$3,000,000

Auditee qualified as low-risk auditee?

  X   yes                                           no

**Management Sciences for Health, Inc.**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED**

**Year ended June 30, 2025**

**SECTION 2 - FINANCIAL STATEMENT FINDING**

There were no findings related to the financial statements which are required to be reported in accordance with generally accepted *Government Auditing Standards* (GAGAS).

**SECTION 3 - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were noted that are required to be reported.

**SECTION 4 - PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were noted that are required to be reported.