Consolidated Financial Statements and Report of Independent Certified Public Accountants

Management Sciences for Health, Inc.

June 30, 2026
(with comparative information for 2025)

CONTENTS

Report of Independent Certified Public Accountants 3

Consolidated Financial Statements

- Consolidated statements of financial position 5
- Consolidated statements of activities 6
- Consolidated statements of functional expenses 7
- Consolidated statements of cash flows 8
- Notes to consolidated financial statements 9

GRANT THORNTON LLP
53 State St., 16th Floor
Boston, MA 02109-1827

D +1 617 723 7900
F +1 617 723 6340

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, 2026 and 2025, 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 financial position of the Organization as of June 30, 2026 and 2025, and the results of its operations 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). 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.

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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 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, 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 Company'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 Company'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.

Grant Thornton LLP

Boston, Massachusetts
October 16, 2026

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2026 and 2025

	2026	2025
ASSETS		
Cash and cash equivalents	$ 35,596,403	$ 38,274,523
Restricted use cash (Note 2)	6,556,058	6,049,571
Investments (Note 2)	78,633	75,461
Grants and contracts receivable, net of reserve (Notes 2 and 4)	5,028,389	2,804,600
Services performed but not yet invoiced (Notes 2 and 4)	5,098,509	3,711,756
Employee advances and other receivables (Notes 2 and 6)	304,361	322,323
Prepaid expenses and other current assets	1,477,738	1,411,359
Other assets	117,398	108,097
Property and equipment, net (Notes 2 and 7)	192,328	396,390
Right of use assets (Notes 2 and 13)	4,910,010	5,283,668
Total assets	$ 59,359,827	$ 58,437,748
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	$ 303,799	$ 3,572,658
Accrued expenses and other current liabilities (Note 8)	1,257,759	1,700,376
Accrued payroll and payroll-related liabilities (Note 9)	2,727,687	3,353,114
Deferred revenue	11,256,032	5,376,745
Right of use liabilities (Note 13)	7,010,605	7,486,272
Total liabilities	22,555,882	21,489,165
Net Assets (Note 2)		
Without donor restrictions	33,385,926	33,597,491
With donor restrictions (Notes 10 and 11)	3,418,019	3,351,092
Total net assets	36,803,945	36,948,583
Total liabilities and net assets	$ 59,359,827	$ 58,437,748

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

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF ACTIVITIES
Year ended June 30, 2026
with comparative information for 2025

	2026			2025
	Without Donor Restrictions	With Donor Restrictions	Total	Summarized Total
Public support and other revenue				
Grants and contract revenue	$ 36,076,935	$ -	$ 36,076,935	$ 127,766,143
Contributions of cash and other financial assets	399,054	130,500	529,554	253,471
Contributions of nonfinancial assets	-	-	-	45,009
Interest income	862,216	54,862	917,078	1,032,662
Miscellaneous income	-	-	-	47,628
Net assets released from restriction	118,435	(118,435)	-	-
Total public support and other revenue	37,456,639	66,927	37,523,567	129,144,913
Operating Expenses				
Program services	25,974,510	-	25,974,510	93,520,981
Supporting services				
Management and general	11,445,132	-	11,445,132	36,893,798
Fundraising	237,664	-	237,664	8,374
Total supporting services	11,682,796	-	11,682,796	36,902,172
Total operating expenses	37,657,306	-	37,657,306	130,423,153
Change in net assets from operating activities	(200,667)	66,927	(133,739)	(1,278,240)
Other changes in net assets				
Foreign exchange gain (loss)	(10,898)	-	(10,898)	(2,475,492)
Realized gain on investments	-	-	-	2,574,584
Unrealized gain (loss) on investments	(1)	-	(1)	(1,662,380)
Total other changes in net assets	(10,899)	-	(10,899)	(1,563,288)
Change in net assets	(211,565)	66,927	(144,638)	(2,841,528)
Net assets, beginning of year	33,597,491	3,351,092	36,948,583	39,790,111
Net assets, end of year	$ 33,385,926	$ 3,418,019	$ 36,803,945	$ 36,948,583

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, 2026
with comparative information for 2025

	2026					2025
		Supporting Services				
	Program Services	Management and General	Fundraising	Total	Total	Summarized Total
Salaries and related expenses						
Salaries, benefits, and taxes	$ 12,060,658	$ 8,177,718	$ 227,340	$ 8,405,058	$ 20,465,716	$ 71,720,821
Other expenses						
Subcontract and grant costs	4,818,320	5,856	-	5,856	4,824,176	16,716,446
Consultants	1,603,524	131,227	-	131,227	1,734,751	3,814,385
Training and workshops	2,140,599	4,394	-	4,394	2,144,993	11,656,217
Equipment and supplies	395,544	614,973	-	614,973	1,010,517	3,616,065
Travel and transportation	2,943,687	130,899	3,049	133,948	3,077,635	6,781,378
Office supplies and expense	947,162	702,124	2,381	704,505	1,651,667	5,566,008
Occupancy	372,443	419,206	-	419,206	791,649	2,665,302
IT and telecommunications	211,248	16,988	-	16,988	228,236	1,286,885
Legal and audit	70,767	404,365	-	404,365	475,132	857,044
Outside services	244,522	257,333	4,023	261,356	505,878	2,402,064
Miscellaneous	147,094	295,750	871	296,621	443,715	779,197
Depreciation and amortization	18,941	284,250	-	284,250	303,191	398,898
Bad debt expense	-	48	-	48	48	2,162,443
Total expenses	$ 25,974,509	$ 11,445,131	$ 237,664	$ 11,682,795	$ 37,657,304	$ 130,423,153

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

Management Sciences for Health, Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Year ended June 30, 2026
with comparative information for 2025

	2026	2025
Cash flows from operating activities:		
Change in net assets	$ (144,638)	$ (2,841,528)
Adjustments to reconcile change in net assets to net cash (used for) provided by operating activities:		
Depreciation and amortization	204,012	398,898
Bad debt expense	48	2,162,443
Net realized and unrealized gain on investments	-	(912,204)
Changes in certain assets and liabilities:		
Grants and contracts receivable	(2,223,789)	1,754,272
Services performed but not yet invoiced	(1,386,753)	13,522,644
Employee advances and other receivables	17,962	1,226,103
Prepaid expenses and other current assets	(66,379)	2,047,322
Right of use assets	373,658	1,012,380
Other assets	(9,301)	1,153,872
Accounts payable	(3,268,859)	(882,653)
Accrued expenses and other current liabilities	(442,616)	449,353
Accrued payroll and payroll related liabilities	(625,427)	(8,448,508)
Deferred revenue	5,879,287	(1,429,285)
Lease liabilities	(475,666)	(1,200,703)
Net cash (used for) provided by operating activities	(2,168,460)	8,012,406
Cash flows from investing activities:		
Purchase of investments	(3,173)	(305,566)
Proceeds from sale of investments	-	18,339,337
Purchase of fixed assets	-	(333,704)
Net cash (used for) provided by investing activities	(3,173)	17,700,067
Net change in cash and cash equivalents	(2,171,633)	25,712,473
Cash and cash equivalents and Restricted Cash, beginning of year	44,324,094	18,611,621
Cash and cash equivalents and Restricted Cash, end of year	$ 42,152,461	$ 44,324,094

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

NOTE 1 - ORGANIZATION

Management Sciences for Health, Inc. (MSH or the Organization) is a global nonprofit organization that provides governments, health organizations, and the private sector with the strategies, tools, and management support to effectively and efficiently deliver high-functioning health systems. MSH mission is to work shoulder-to-shoulder with countries and communities to save lives and improve the health of the world's poorest and most vulnerable people by building strong, resilient, sustainable health systems. Founded in 1971, MSH has improved health systems in more than 150 countries worldwide, and currently works in eleven countries throughout Africa, Asia, Europe and the Americas. MSH's work is rapidly evolving to support partner countries as they face COVID-19, climate change, and conflict.

MSH is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (the Code) and therefore exempt from federal income tax. MSH is recognized as a public charity, and thus, donations to MSH qualify for the maximum allowable charitable deduction.

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. Upon resolution of outstanding tax audits with the Kenyan government, the remaining assets, net of liabilities, will be transferred to the Organization.

- MSH India Health Management Private Limited (MSHI), a controlled subsidiary, was incorporated in India on March 28, 2023. This entity is dormant as of April 6, 2026.

- Management Sciences for Health LTD/GTE (MSHN) was established on September 13, 2006, under the laws of Nigeria as a not-for-profit organization.

- 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, 2026 and 2025.

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 $593,722 and $1,756,656, as of June 30, 2026 and 2025, respectively.

Restricted Use Cash

Certain cash is contractually restricted for use on specific projects and is required to be held in a separate account. As of June 30, 2026 and 2025, the Organization held $6,556,058 and $6,049,571, respectively, of 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 $3,172 and $1,217,770 for the years ended June 30, 2026 and 2025, respectively.

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 as of June 30, 2026 and 2025. 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 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:

Type of Asset Class	Useful Lives
Furniture and equipment	5 years
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, 2026 and 2025.

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.

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.

The Organization negotiates its indirect cost rate with USAID on an annual basis and upon completion or termination of the agreement. Based on favorable past experience, management believes the effects of changes to an 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 for the year ended June 30, 2025 consisted of donated professional services from attorneys advising the Organization on various administrative legal matters valued at $45,009. There were no donated services for the year ended June 30, 2026. 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 $186,110 and $5,127,248 for the years ended June 30, 2026 and 2025, 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 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 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 is 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.

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, 2026 and 2025, 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 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 the 2025 termination of USAID projects, the Organization took immediate action to downsize project staff and technical support functions and redesigned its organizational structure. Certain receivables for work performed prior to the termination have not yet been paid. The Organization continues vigorously pursue payment through negotiations and legal action. The organization is a co-plaintiff in a public case "Global Health Council, et al., Plaintiffs, v. Donald J. Trump, et al., Defendants". MSH has also entered as a co-plaintiff in the Federal Claims Court “HIAS et al v. United States”, filed March 17, 2025, to pursue payment of outstanding termination costs associated with the USAID project terminations in 2025. Public health program funding has recently shifted to the Department of State.

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 80% and 88% of receivables as of June 30, 2026 and 2025, respectively. However, due to the continued uncertainty in timely payment from the U.S. Government and the value of the outstanding invoices, the Organization provided for a reserve on a portion of the U.S. government accounts receivable as of June 30, 2026 and 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.

Subsequent Events

Subsequent events have been evaluated through October 16, 2026, the date the consolidated financial statements were issued. There were no subsequent events that required recognition or disclosure in the consolidated financial statements.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

MSH regularly monitors the financial resources required to meet operating and other commitments through forecasting donor receipts and expenditures. The primary sources of liquidity include MSH's cash accounts and assets invested in money market accounts.

MSH receives funding from two major donor groups which are essential to further our mission. Primary funding sources include contributions from private and institutional donors and grants from the US government. The shift in US government policy in 2025 resulted in a revenue decline from $107 million of grant revenue from the US government for the year ended June 30, 2025, to approximately $20 million for the year ended June 30, 2026. Management implemented staff and cost reductions in 2025 to ensure that it could continue its mission. While this reduction did not materially weaken MSH's liquidity position, it may increase the Organization's reliance on other sources of funding to support operations.

MSH's financial assets available for general expenditures within one year as of June 30, 2026 and 2025 are as follows:

	2026	2025
Cash and cash equivalents	$ 35,596,403	$ 38,274,523
Investments	78,633	75,461
Grants and contracts receivable, net	5,028,389	2,804,600
Service performed but not yet invoiced	5,098,509	3,711,756
Total financial assets available for general expenditures within one year	$ 45,801,934	$ 44,866,340

Liquidity is managed by ensuring that funding sources are available prior to or shortly after expenses are incurred. Expenses associated with programs with donor restrictions are not incurred if funding is not committed and available. Program activities are funded using donor restricted resources where cash is either provided in advance or collectable within ninety days. Programs funded by the US government are typically reimbursed within sixty days, except for receivables associated with terminated programs for which an allowance has been provided. Private donations and investment income without donor restrictions are used to fund general expenditures, including supporting activities, with expenses made in accordance with the annual board approved budget.

NOTE 4 - GRANTS AND CONTRACTS RECEIVABLE

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

	June 30, 2026	June 30, 2025
Grants and contracts receivable from:		
U.S. government receivables	$ 6,018,802	$ 4,636,492
Other funders	1,501,300	659,821
	7,520,102	5,296,313
Allowance for doubtful accounts	(2,491,713)	(2,491,713)
Total grants and contracts receivable, net	$ 5,028,389	$ 2,804,600
Services performed, but not yet invoiced from:		
U.S. government on billings with standing letters of credit	$ -	$ 701,203
Other U.S. government receivables	4,203,860	2,823,124
Other funders	894,649	187,429
Total services performed but not yet invoiced	$ 5,098,509	$ 3,711,756

NOTE 5 - FAIR VALUE MEASUREMENTS

Liquidity is managed by ensuring that funding sources are available prior to or shortly after expenses are incurred. Expenses associated with programs with donor restrictions are not incurred if funding is not committed and available. Program activities are funded using donor restricted resources where cash is either provided in advance or collectable within ninety days. Programs funded by the US government are typically reimbursed within sixty days, except for receivables associated with terminated programs for which an allowance has been provided. Private donations and certain investment income without donor restrictions are used to fund general expenditures, including supporting activities, with expenses made in accordance with the annual board approved budget.

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.

NOTE 6 - PROPERTY AND EQUIPMENT, NET

Property and equipment, net, consisted of the following:

	June 30, 2026	June 30, 2025
Furniture and equipment	$ 54,448	$ 106,748
Computer and software	661,806	895,266
Vehicles	91,472	91,472
Total property and equipment	807,727	1,093,486
Less: accumulated depreciation	(615,399)	(697,096)
Total property and equipment, net	$ 192,328	$ 396,390

Depreciation expense for the years ended June 30, 2026 and 2025 was $101,106 and $172,585, respectively. Amortization expense related to prepaid software development costs totaled $102,906 and $232,337 for the years ended June 30, 2026 and 2025, respectively.

NOTE 7 - ACCRUED EXPENSES AND OTHER CURRENT LIABILITIES

Accrued expenses and other current liabilities consisted of the following:

	June 30, 2026	June 30, 2025
Accrued expenses - U.S.	$ 790,300	$ 771,204
Accrued expenses - field offices	454,734	918,001
Amounts due to funders	12,725	11,171
Total accrued expenses and other current liabilities	$ 1,257,759	$ 1,700,376

NOTE 8 - 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, 2026	June 30, 2025
Accrued termination payments	$ 1,643,290	$ 1,498,280
Accrued vacation and paid time off	616,490	1,029,211
Salaries, wages, and payroll taxes payable	283,683	626,651
Employee benefits payable	152,292	165,095
Retirement plan contributions payable	31,932	33,877
Total accrued payroll and payroll-related liabilities	$ 2,727,687	$ 3,353,114

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

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

	June 30, 2026	June 30, 2025
Net assets with donor restrictions subject to expenditure for specified purpose or period:		
Purpose restriction	$ 2,100,935	$ 2,012,434
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	298,391	319,893
Total endowments subject to the Organization's spending policy and appropriation	1,317,156	1,338,658
Total net assets with donor restrictions	$ 3,418,091	$ 3,351,092

NOTE 10 - 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.

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

	June 30, 2026	June 30, 2025
Endowment net assets, July 1	$ 1,338,658	$ 1,241,529
Investment return:		
Investment income, net	54,863	62,736
Net gains	-	109,238
Total investment return	54,863	171,974
Release from restriction	(76,365)	(74,845)
Endowment net assets, June 30	$ 1,317,156	$ 1,338,658

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.

Endowment funds are primarily held in low-risk money market funds, and classified as Cash and cash equivalents in the accompanying Consolidated Statements of Financial Position.

NOTE 11 - 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 $0 and $1,822,330 for the years ended June 30, 2026 and 2025, 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.

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 12 - LEASES

The Organization leases offices and program space under various multi-year non-cancelable lease arrangements in the U.S. 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 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

Following the reduction of funding from the US government, the Organization significantly reduced the office footprint in the United States. In March 2023, the Organization entered into a lease for office space at a location in Arlington, Virginia with an initial term through June 2036. The lease obligations in this note relate to this 2023 Arlington lease which was sublet beginning January 2026 through December 2030. Sublease income is recognized on a straight-line basis as other income over the term of the sublease. Sublease income was $268,525 for the year ended June 30, 2026.

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.

Lease Expense, Supplemental Quantitative Information, Maturities of Lease Liabilities

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

	June 30,	
	2026	2025
Operating lease expense	$ 593,769	$ 1,014,028
Variable lease expense	14,942	50,740
Short-term lease expense	46,128	12,445
Total	$ 654,839	$ 1,077,213

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, 2026	June 30, 2025
Cash paid for amounts included in the measurement of lease liabilities operating cash flows from operating leases	$ 726,920	$ 1,338,290
Weighted-average remaining lease term in years for operating leases	10.0	6.29
Weighted-average discount rate for operating leases	3.48%	3.48%

Operating lease installments due in future years as of June 30, 2026 are as follows, reconciled to the total lease liabilities on the consolidate statement of financial position. Sublease income is recognized as other income on a straight-line basis for the period January 2026 to December 2030.

June 30, 2027	$ 745,026
June 30, 2028	763,653
June 30, 2029	782,802
June 30, 2030	802,398
June 30, 2031	822,441
Thereafter	4,430,814
Total undiscounted cash flows	8,347,134
Less: present value discount	(1,336,529)
Total lease liabilities	$ 7,010,605

NOTE 13 - 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. MSH has obtained legal counsel and has received confirmation that of coverage from the fiduciary insurance provider, including legal defense cost. To date, there has been no further action from the employee on this claim.

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.