Vital Strategies, Inc. and Affiliate

Consolidated Financial Statements

December 31, 2025

PKF O'CONNOR DAVIES
ACCOUNTANTS AND ADVISORS

Independent Auditors' Report

Board of Trustees of
Vital Strategies, Inc. and Affiliate

Opinion

We have audited the accompanying consolidated financial statements of Vital Strategies, Inc. and Affiliate (collectively, "Vital Strategies"), which comprise the consolidated statement of financial position as of December 31, 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Vital Strategies as of December 31, 2025, and the consolidated changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Vital Strategies 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 audit opinion.

Responsibilities of Management for the Consolidated 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 Vital Strategies' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

PKF O'Connor Davies, LLP is a member firm of the PKF International Limited network of legally independent firms and does not accept any responsibility or liability for the actions or inactions on the part of any other individual member firm or firms.

Auditors' Responsibilities for the Audit of the Consolidated 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 auditors' 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 generally accepted 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 generally accepted 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 Vital Strategies' 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 Vital Strategies' 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.

Report on Summarized Comparative Information

We have previously audited Vital Strategies' December 31, 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 18, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Consolidating Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating schedule of financial position and consolidating schedule of activities on pages 20 and 21 are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including 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 auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PKF O'Connor Davies, LLP

June 9, 2026

Vital Strategies, Inc. and Affiliate

Consolidated Statement of Financial Position
December 31, 2025
(with comparative amounts at December 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	$ 35,592,577	$ 38,822,118
Grants receivable, net (Note 5)	41,493,480	34,672,194
Other receivables	228,638	326,033
Grant advances (Note 10)	4,129,911	3,646,525
Prepaid expenses	1,348,474	1,266,537
Short-term investments (Note 6)	16,494,889	15,674,824
Right of use asset, net (Note 9)	17,205,075	19,220,602
Property and equipment, net (Note 7)	609,138	813,003
	$ 117,102,182	$ 114,441,836
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 2,100,989	$ 2,255,806
Grants payable	2,244,471	685,649
Lease liabilities (Note 9)	18,442,723	20,492,373
Deferred revenue	1,001,837	130,631
Total Liabilities	23,790,020	23,564,459
Net Assets		
Without donor restrictions	9,417,428	7,213,373
With donor restrictions (Note 8)	83,894,734	83,664,004
Total Net Assets	93,312,162	90,877,377
	$ 117,102,182	$ 114,441,836

See notes to consolidated financial statements

Vital Strategies, Inc. and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	2025 Total	2024 Total
REVENUE AND SUPPORT				
Grants	$ 124,485	$ 124,445,369	$ 124,569,854	$ 124,819,216
Federal grants	22,113	91,183	113,296	1,223,094
Contributions	786,475	-	786,475	912,963
Interest income	182,840	637,714	820,554	1,292,240
Investment income	372,923	384,080	757,003	748,044
Other income	348	-	348	3,653,945
Net assets released from restrictions	125,327,616	(125,327,616)	-	-
Total Revenue and Support	126,816,800	230,730	127,047,530	132,649,502
OPERATING EXPENSES				
Program services	105,278,003	-	105,278,003	92,340,698
Management and general	17,343,833	-	17,343,833	15,139,818
Fundraising	1,961,516	-	1,961,516	2,071,087
Total Operating Expenses	124,583,352	-	124,583,352	109,551,603
Excess of Revenue and Support over Operating Expenses	2,233,448	230,730	2,464,178	23,097,899
NONOPERATING ACTIVITIES				
Gains (losses) on foreign currency translation	63,904	-	63,904	(8,189)
Tax expenses	(93,297)	-	(93,297)	(55,917)
Change in Net Assets	2,204,055	230,730	2,434,785	23,033,793
NET ASSETS				
Beginning of year	7,213,373	83,664,004	90,877,377	67,843,584
End of year	$ 9,417,428	$ 83,894,734	$ 93,312,162	$ 90,877,377

See notes to consolidated financial statements

Vital Strategies, Inc. and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2025
(with summarized totals for the year ended December 31, 2024)

	Program Services	Supporting Services: Management and General	Supporting Services: Fundraising	2025 Total	2024 Total
Grant expenses	$ 46,413,141	$ 2,476,179	$ -	$ 48,889,320	$ 41,803,021
Salaries	24,119,866	7,348,895	1,303,829	32,772,590	30,414,414
Payroll taxes and benefits	6,170,399	1,938,491	415,864	8,524,754	7,399,938
Consultants	8,932,698	472,383	70,654	9,475,735	11,820,132
Training and recruitment	74,721	212,355	27	287,103	223,480
Professional fees	66,017	356,002	-	422,019	342,719
Program service agreements	10,220,762	-	-	10,220,762	4,803,831
Other professional services	744,480	2,055,546	22,994	2,823,020	1,882,395
Travel	4,796,871	130,486	71,458	4,998,815	5,023,555
Equipment	189,270	456,265	3,932	649,467	637,048
Maintenance	33,282	309,958	-	343,240	262,009
Supplies	-	-	-	-	82,364
Depreciation	19,677	213,715	-	233,392	240,091
Occupancy costs	1,932,247	746,955	65,610	2,744,812	2,473,518
Postage and delivery	-	-	-	-	10,240
Insurance	23,727	271,149	-	294,876	294,300
Utilities	-	-	-	-	245,168
Conference and meetings	1,049,239	176,147	4,222	1,229,608	548,416
(Recovery) provision for non-reimbursable expenses	(218,601)	(50,038)	-	(268,639)	360,000
Other expenses	710,207	229,345	2,926	942,478	684,964
Total Expenses	$ 105,278,003	$ 17,343,833	$ 1,961,516	$ 124,583,352	$ 109,551,603

See notes to consolidated financial statements

Vital Strategies, Inc. and Affiliate

Consolidated Statement of Cash Flows
Year Ended December 31, 2025
(with comparative amounts for the year ended December 31, 2024)

	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 2,434,785	$ 23,033,793
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains	(51,904)	(54,817)
Depreciation	233,392	240,091
Provision for non-reimbursable expenses	(268,639)	360,000
Amortization of right of use asset	2,067,236	2,030,122
Change in operating assets and liabilities		
Grants receivable	(6,552,647)	(115,528)
Other receivables	97,395	31,603
Grant advances	(483,386)	(1,933,079)
Prepaid expenses	(81,937)	(104,528)
Accounts payable and accrued expenses	(154,817)	(2,934,379)
Grants payable	1,558,822	685,649
Deferred revenue	871,206	(458,993)
Lease liabilities	(2,101,359)	(2,045,437)
Net Cash from Operating Activities	(2,431,853)	18,734,497
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(29,527)	(37,153)
Purchases of short-term investments	(5,768,161)	(10,543,857)
Sales of short-term investments	5,000,000	5,000,000
Net Cash from Investing Activities	(797,688)	(5,581,010)
Net Change in Cash and Cash Equivalents	(3,229,541)	13,153,487
CASH AND CASH EQUIVALENTS		
Beginning of year	38,822,118	25,668,631
End of year	$ 35,592,577	$ 38,822,118
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for taxes	$ 93,297	$ 55,917

See notes to consolidated financial statements

1. Organization and Tax Status

The accompanying consolidated financial statements include the accounts of Vital Strategies, Inc. and Vital Strategies India Services PL.

Vital Strategies, Inc. is a fully registered not-for-profit organization incorporated in the State of New Jersey with authority to do business in the State of New York. Vital Strategies, Inc. maintains an office in New York City. Vital Strategies, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code"). Vital Strategies, Inc. is a public charity within the meaning of Section 509(a) of the Code.

The mission of Vital Strategies, Inc. is to partner with international organizations, foundations, and governments to reimagine and implement evidence-based, locally driven policies and practices that advance public health by improving the health conditions of individuals and communities.

Vital Strategies India Services PL, with a registered office in New Delhi, was incorporated in 2021 and is a wholly owned subsidiary of Vital Strategies, Inc. Vital Strategies India Services PL was formed to provide all types of management consultancy services in related public health and other related sectors to private and public sector organizations and governments within and outside India.

Vital Strategies, Inc. also maintains affiliations with three independent entities who use the *Vital Strategies* name and branding located in France, Singapore and Brazil. Also, Vital Strategies Action Fund, Inc. (the "Action Fund") operates exclusively for the promotion of social welfare within the meaning of Section 501(c)(4) of the Code and is considered an affiliate of Vital Strategies, Inc.

In addition, Vital Strategies, Inc. operates branches in Jinan, China and in Addis Ababa, Ethiopia, to assist in program implementation throughout China and Ethiopia.

2. Summary of Significant Accounting Policies

Basis of Consolidation

The accompanying consolidated financial statements include the accounts of Vital Strategies, Inc., and Vital Strategies India Services PL (collectively "Vital Strategies").

Basis of Presentation and Use of Estimates

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("US GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

2. Summary of Significant Accounting Policies *(continued)*

Operating Measure

The operating measure in the consolidated statement of activities is identified as excess of revenue and support over operating expenses. Changes in net assets which are excluded from the operating measure include gains (losses) on foreign currency translation, and tax expenses.

Net Asset Presentation

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees (the "Board") and/or management for program and general operating expenses.

Net assets with donor restrictions are subject to donor-imposed stipulations that will be met by actions of Vital Strategies, or passage of time.

Vital Strategies reports gifts of cash and other assets as revenue with donor restrictions if they are received with donor stipulations that limit the use or time of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends, or purpose restriction is accomplished, the net assets are reclassified as net assets without donor restriction and reported on the consolidated statement of activities as net assets released from restrictions.

Income and gains earned on donor restricted net assets are available to be used in the with donor restrictions or without donor restrictions net asset classes based upon stipulations by the donors.

Cash and Cash Equivalents

Vital Strategies considers all highly liquid investments with a maturity of three months or less when acquired to be cash equivalents.

Short-term Investments

Vital Strategies, Inc. invests a portion of its available cash in liquid investments with an average duration of a half year. Investments are reported at fair value on the consolidated statement of financial position. Investments in mutual funds, money market funds, and corporate and foreign bonds are carried at fair value based upon published market prices, observable market inputs, or management's estimate of fair value when quoted market prices are not available.

Gains and losses on the sale of investments are calculated by the specific-identification method. Investment return and net gains and losses on the sale of investments are recognized as increases or decreases in net assets without donor restrictions unless their use is restricted by the donor. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date. Unrealized gains are included in the determination of the change in net assets.

2. Summary of Significant Accounting Policies *(continued)*

Grant Agreements and Contributions

Grant agreements are examined on an individual basis to determine if they meet the requirements of a contribution rather than an exchange transaction. Those grants, that are considered to be unconditional contributions, as well as other unconditional contributions, are recorded upon receipt of an unconditional pledge or of cash and reported as net assets with or without donor restrictions depending on the existence of any donor restrictions.

Grants receivable with due dates extending beyond one year are discounted using the U.S. Treasury rate, plus an appropriate percentage of additional risk. At December 31, 2025 and 2024, grants receivable are expected to be collected within one year.

Grants receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding, after management has used reasonable collection efforts, are written off through a charge to the valuation allowance and a credit to receivables.

Property and Equipment

Property and equipment are carried at cost, or if donated, fair value at the date of the donation. Vital Strategies capitalizes all purchases of property and equipment equal to or greater than $5,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 3 to 7 years. Leasehold improvements are depreciated over the lesser of the life of the lease or the estimated useful life of the asset.

Under the terms of its agreements with government funding agencies, assets that are acquired with government contract revenues that revert to that agency upon termination of the program are not capitalized and are expensed when acquired. During the years ended December 31, 2025 and 2024 no assets were acquired with grant funds.

Property and equipment are reviewed for impairment if the use of the asset significantly changes or another indicator of possible impairment is noted. If the carrying amount of the asset is not recoverable, the value is written down to the asset’s fair value. There were no asset impairments for the years ended December 31, 2025 and 2024.

2. Summary of Significant Accounting Policies *(continued)*

Functional Allocation of Expenses

Expenses are summarized and categorized based upon their functional classification as either program services, management and general or fundraising. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain expenses are attributable to more than one program or supporting function and have been allocated in reasonable ratios determined by management. The more significant expenses that are allocated include salaries, payroll taxes and benefits, and occupancy costs, which are allocated based on time and effort and full time equivalent.

Foreign Currency Translation

Vital Strategies has determined that its functional currency is the U.S. dollar. Accordingly, assets and liabilities denominated in other currencies are translated using the current exchange rates in effect at the consolidated statement of financial position date. Revenue and expense accounts are translated at the average rate in effect during the year.

Summarized Comparative Information

The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with US GAAP. Accordingly, such information should be read in conjunction with Vital Strategies' financial statements as of and for the year ended December 31, 2024, from which summarized information was derived.

Accounting for Uncertainty in Income Taxes

Vital Strategies, Inc. recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Vital Strategies, Inc. had no uncertain tax positions that would require consolidated financial statement recognition or disclosure. Vital Strategies, Inc. is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2022.

Vital Strategies India Services PL is subject to income tax under the Indian Tax Act, 1961. Such amounts were immaterial for the years ended December 31, 2025 and 2024.

Leases

Vital Strategies leases office space and determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use assets ("ROU assets") and operating lease liabilities on the accompanying consolidated statement of financial position.

2. Summary of Significant Accounting Policies *(continued)*

Leases (continued)

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. When leases do not provide an implicit borrowing rate, Vital Strategies uses a risk-free rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU asset includes any lease payments made and excludes lease incentives. The lease terms may include options to extend the lease and when it is reasonably certain that Vital Strategies will exercise that option, such amounts are included in ROU assets and lease liabilities. Lease expense for the lease payments is recognized on a straight-line basis of the lease term.

Vital Strategies' lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the consolidated financial statements through the date that the consolidated financial statements were available to be issued, which is June 9, 2026.

3. Liquidity and Availability of Financial Assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the consolidated statement of financial position date, are comprised of the following at December 31:

	2025	2024
Financial Assets at Year-End:		
Cash and cash equivalents	$ 35,592,577	$ 38,822,118
Grants receivable, net	41,493,480	34,672,194
Other receivables	228,638	326,033
Short-term investments	16,494,889	15,674,824
Total Financial Assets	93,809,584	89,495,169
Less amounts unavailable for general expenditure:		
Donor imposed restrictions by purpose	(83,894,734)	(83,664,004)
Financial Assets at Year-End Available to Meet Cash Needs for General Expenditure Within One Year	$ 9,914,850	$ 5,831,165

3. Liquidity and Availability of Financial Assets *(continued)*

Vital Strategies is substantially supported by restricted contributions. As part of Vital Strategies' liquidity strategy, management has budgeted for appropriations and satisfaction of donor restrictions that are imposed in the amount of $42,197,471 for 2026.

In addition, management structures its financial assets, consisting of cash, short-term investments and receivables to be available as its general expenditures, liabilities and obligations come due within one year. Excess cash is invested in liquid securities, which could be drawn upon readily in the event of an unanticipated liquidity need. In addition, Vital Strategies receives cash flow from grants and contributions made from donors through its fundraising efforts.

4. Significant Grant Agreements

In July 2018, Vital Strategies, Inc. was awarded a grant, with multiple amendments made in the following years, for the Opioid Overdose Prevention initiative by Bloomberg Philanthropies. In October 2023, the agreement was amended and extended through September 2024, and an additional $22.7 million was granted, increasing the total agreement to $94.3 million. In October 2024, the agreement was amended and extended through September 2025, and an additional $22.5 million was granted, increasing the total agreement to $116.8 million. In November 2025, Vital Strategies, Inc. was awarded a grant for the Opioid Overdose Prevention initiative by Bloomberg Philanthropies of $18.3 million.

In August 2025, Vital Strategies, Inc. was awarded a grant totaling $8.5 million for the Reduce Lead Poisoning initiative by Bloomberg Philanthropies.

In February 2021, Vital Strategies, Inc. was awarded a two-year grant for the Data for Health initiative by the National Philanthropic Trust totaling to $36.4 million. In February 2022, the agreement was amended and extended through March 2023, and an additional $4.8 million was granted. In March and June 2023, the agreement was amended and extended through March 2024, and an additional $22.4 million was granted, increasing the total agreement to $63.6 million. In May 2024, Vital Strategies, Inc. was awarded a grant totaling $23.2 million for the Data for Health initiative by Schwab Charitable. In August 2024, Vital Strategies, Inc. was awarded a grant totaling $6.3 million for the Data for Health Initiative by Bloomberg Philanthropies. In November 2024, Vital Strategies, Inc. was awarded a grant totaling $5 million for the Data for Health initiative by the Bill & Melinda Gates Foundation. In May 2025, Vital Strategies, Inc. was awarded a grant totaling $28.2 million for the Data for Health initiative by Bloomberg Philanthropies. In November 2025, Vital Strategies, Inc. was awarded a grant totaling $4.6 million for the Data for Health initiative by the Bill & Melinda Gates Foundation.

4. Significant Grant Agreements *(continued)*

In February 2024, Vital Strategies, Inc. was awarded a grant for the Food Policy Program initiative by Bloomberg Philanthropies totaling $13.1 million. In February 2025, Vital Strategies, Inc. was awarded a grant for the Food Policy Program initiative by Bloomberg Philanthropies totaling $0.65 million. In July 2025, Vital Strategies, Inc. was awarded a grant for the Food Policy Program initiative by Bloomberg Philanthropies totaling $7.7 million.

In January 2024, Vital Strategies, Inc. was awarded one grant totaling $11.3 million for the Road Safety initiative by Schwab Charitable. In February 2025, Vital Strategies, Inc. was awarded one grant totaling $13.5 million for the Road Safety initiative by Bloomberg Philanthropies.

In February 2025, Vital Strategies, Inc. was awarded a grant totaling $13.1 million for the Partnership for Healthy Cities initiative by Bloomberg Philanthropies.

In February 2025, Vital Strategies, Inc. was awarded a grant for Tobacco Control initiative by Bloomberg Philanthropies Trust totaling $22.4 million.

5. Grants Receivable

Vital Strategies reported grants receivable from foundations and other sources totaling $41,493,480 and $34,672,194 as of December 31, 2025 and 2024, respectively. Management expects all outstanding grants receivable as of December 31, 2025 to be collected within one year. Vital Strategies has a reserve of $91,361 established for potential uncollectible federal funding at December 31, 2025.

6. Fair Value Measurement

Vital Strategies follows US GAAP guidance on fair value measurements which defines fair value and establishes a fair value hierarchy organized into three levels based upon input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

6. Fair Value Measurement *(continued)*

The following table summarizes Vital Strategies' investments measured at fair value and are categorized using the fair value as of December 31:

	2025		
	Level 1	Level 2	Total
Investments			
Money market fund	$ 21,781	$ -	$ 21,781
Commercial paper	-	4,895,264	4,895,264
Corporate and foreign bonds	-	6,332,352	6,332,352
Mutual funds	864,561	-	864,561
Certificates of deposit	-	4,380,931	4,380,931
	$ 886,342	$ 15,608,547	$ 16,494,889

	2024		
	Level 1	Level 2	Total
Investments			
Money market fund	$ 24,906	$ -	$ 24,906
Commercial paper	-	4,996,902	4,996,902
Corporate bonds	-	4,566,002	4,566,002
Mutual funds	799,997	-	799,997
Certificates of deposit	-	5,287,017	5,287,017
	$ 824,903	$ 14,849,921	$ 15,674,824

7. Property and Equipment

Property and equipment consisted of the following at December 31:

	2025	2024
Equipment	$ 1,421,699	$ 1,392,173
Leasehold improvement	1,348,380	1,348,379
	2,770,079	2,740,552
Accumulated depreciation	(2,160,941)	(1,927,549)
	$ 609,138	$ 813,003

8. Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended December 31:

	2025			
	Beginning of Year	Additions and Interest Income	Released from Restrictions	End of Year
Tobacco Control Initiative	$ 10,599,207	$ 22,707,603	$ (21,798,208)	$ 11,508,602
Data For Health Initiative	18,613,398	33,473,861	(28,818,067)	23,269,192
Global Road Safety Initiative	1,373,714	13,568,629	(12,878,791)	2,063,552
STREAM Clinical Trials	107,924	2,873	(2,873)	107,924
Other Health Programs	334,773	3,332,325	(3,427,427)	239,671
RESET Alcohol	13,236,427	226,022	(4,426,739)	9,035,710
Obesity Prevention Initiative	6,131,211	8,451,532	(8,221,243)	6,361,500
RTSL Cardiovascular	-	1,702,231	(1,693,959)	8,272
Resolve Media Campaigns	78,581	110,860	(56,359)	133,082
Partnership for Healthy Cities Initiative	1,644,651	13,158,035	(11,200,042)	3,602,644
Mayors Challenge	25,784	-	(25,784)	-
Opioid Overdose Prevention	31,513,768	20,253,240	(30,873,184)	20,893,824
Reduce Lead Poisoning	-	8,536,198	(1,866,060)	6,670,138
USAID BEBAS-TB	-	34,937	(34,314)	623
USAID	4,566	-	(4,566)	-
	$ 83,664,004	$ 125,558,346	$ (125,327,616)	$ 83,894,734

	2024			
	Beginning of Year	Additions and Interest Income	Released from Restrictions	End of Year
Tobacco Control Initiative	$ 9,644,945	$ 21,632,080	$ (20,677,818)	$ 10,599,207
Data For Health Initiative	9,173,026	34,856,237	(25,415,865)	18,613,398
Global Road Safety Initiative	2,189,820	12,349,433	(13,165,539)	1,373,714
STREAM Clinical Trials	98,425	465,761	(456,262)	107,924
Other Health Programs	380,996	3,109,492	(3,155,715)	334,773
RESET Alcohol	9,741,141	8,459,661	(4,964,375)	13,236,427
Obesity Prevention Initiative	2,954,922	13,181,413	(10,005,124)	6,131,211
RTSL Cardiovascular	-	1,849,436	(1,849,436)	-
Resolve Media Campaigns	395,217	-	(316,636)	78,581
Partnership for Healthy Cities Initiative	2,961,932	5,298,704	(6,615,985)	1,644,651
Mayors Challenge	1,720	370,506	(346,442)	25,784
Opioid Overdose Prevention	28,270,904	24,864,101	(21,621,237)	31,513,768
Data Driven Health Policy	26,144	-	(26,144)	-
USAID BEBAS-TB	-	522,736	(522,736)	-
USAID	-	-	4,566	4,566
	$ 65,839,192	$ 126,959,560	$ (109,134,748)	$ 83,664,004

Contributions reported with donor restrictions shown in the above tables are recognized in full in the year the grant agreement is signed and committed provided all conditions have been met. For the years ended December 31, 2025 and 2024, unconditional contributions and interest income with donor restrictions totaled $125,558,346 and $126,959,560, respectively.

9. Commitments

Operating Leases

On October 6, 2017, Vital Strategies entered into new lease agreements for two floors of leasable space. The 4th floor lease term began on October 15, 2018 ("effective date"), with an expiration date of May 14, 2034. The 5th floor lease term began on June 1, 2018 with an expiration date of October 28, 2033. During 2023, the Organization entered into two new lease agreements for office space in India. The term for the office space for both lease began on March 1, 2023 and July 1, 2023 ("effective date"), with an expiration date of February 28, 2025, and June 30, 2025, respectively.

The right-of-use asset and corresponding liability associated with future lease payments on the above noted leases as of and for the years ended December 31, are shown below:

	2025	2024
Right-of-use asset	$ 25,058,263	$ 25,006,554
Less: accumulated amortization	(7,853,188)	(5,785,952)
	$ 17,205,075	$ 19,220,602
Weighted Average:		
Discount rate	1.72%	1.73%
Remaining lease term in years	8.13	9.00
ROU assets obtained in exchange for operating lease obligations	$ 52,574	$ 98,559
Cash paid for amounts included in the measurement of operating lease liabilities	$ 2,453,843	$ 2,394,442

Undiscounted operating lease payments are reconciled to the lease liabilities recorded on the statement of financial position at December 31, 2025 are as follows:

Year	Amount
2026	$ 2,345,929
2027	2,321,404
2028	2,337,528
2029	2,473,398
2030	2,508,614
Thereafter	7,781,672
Total Future Minimum Lease Payments	19,768,545
Less Imputed Interest	(1,325,822)
Total Operating Lease Liability	$ 18,442,723

9. Commitments *(continued)*

Operating Leases (continued)

A breakdown of occupancy costs is as follows for the years ended December 31:

	2025	2024
Operating leases, included in occupancy costs	$ 2,401,219	$ 2,401,016
Variable lease payments, included in occupancy costs	343,593	72,502
	$ 2,744,812	$ 2,473,518

10. Related Party Transactions

Vital Strategies partners with affiliated international offices in Singapore ("VS Singapore"), Brazil ("VS Brazil") and France (Vital Strategies Endowment Fund ("VS Paris") and the Action Fund and maintains various agreements that allow for the exchange of finances in support of general operations, projects, activities, and personnel.

During the course of any year, the transfer of funds and donations between the entities may be exercised through these agreements, for the purposes of implementing the most efficient and effective work arrangements. Vital Strategies accepts to undertake such activities only after careful examinations indicate that basing activities in the New York City office reflects the most prudent, efficient, and effective course to be taken.

Below is a summary of amounts funded to the affiliates, and grant advances as shown on the consolidated statements of activities and financial position, respectively, as of and for the years ended, December 31:

	2025	
	Grant Funding	Grant Advances
VS Singapore	$ 8,877,716	$ 1,938,923
VS Brazil	4,044,577	1,377,231
VS Paris	2,444,360	316,874
The Action Fund	-	496,883
	$ 15,366,653	$ 4,129,911

	2024	
	Grant Funding	Grant Advances
VS Singapore	$ 7,782,461	$ 1,847,810
VS Brazil	3,109,632	1,012,940
VS Paris	2,962,101	566,341
The Action Fund	-	219,434
	$ 13,854,194	$ 3,646,525

10. Related Party Transactions *(continued)*

Vital Strategies provides funding to its international affiliates for work related to their common charitable purposes and funding to the Action Fund.

11. Other Significant Concentrations

Financial instruments that potentially subject Vital Strategies to concentrations consist principally of cash, short-term investments and grants receivable. Vital Strategies maintains its cash balances at financial institutions located in New York. At times, cash balances, may be in excess of the balance insured by the Federal Deposit Insurance Corporation. As of December 31, 2025 and 2024, Vital Strategies' cash and cash equivalent balances on deposit exceeded the federal insurance limits and other foreign insurance limits by approximately $34.8 million and $38.1 million, respectively. Investments are diversified by type and are highly liquid short-term investments, so that no individual group of investments represents a significant concentration of credit risk. At December 31, 2025 and 2024, Vital Strategies' uninsured investment holdings totaled approximately $16.0 million and $15.2 million, respectively.

As of and for the years ended December 31, 2025 and 2024, four funding sources accounted for approximately 97% and 95% of grants receivable, respectively, and four and five funding sources accounted for approximately 93% and 89% of revenue and support, respectively.

12. Employee Retention Credit

During the year ended December 31, 2023, Vital Strategies filed for the Employee Retention Credit ("ERC") which is a refundable payroll tax credit for employers who had operations fully or partially suspended due to orders from a governmental authority or whose revenues decreased by a specified threshold. When eligible, an entity can claim a refund in excess of the payroll taxes paid based upon the amount of qualified wages and health insurance paid. Because the amount of the credit is in excess of the payroll taxes paid, the ERC is considered a conditional government grant. Accordingly, Vital Strategies has elected to follow the guidance in Accounting Standards Codification 958-605 in which conditional government grants are recognized in income as conditions are met. In October 2023, management submitted the application and recognized the full credit of approximately $3.65 million. For the year ended December 31, 2024, the $3.65 million was received and is recognized as revenue under other income.

* * * * *

Vital Strategies, Inc. and Affiliate

Supplementary Information

December 31, 2025

Vital Strategies, Inc. and Affiliate

Consolidating Statement of Financial Position
December 31, 2025

	Vital Strategies, Inc.	Vital Strategies India Services PL	Total	Eliminations	Consolidated
ASSETS					
Cash and cash equivalents	$ 34,878,229	$ 714,348	$ 35,592,577	$ -	$ 35,592,577
Grants receivable, net	41,493,480	-	41,493,480	-	41,493,480
Other receivables	228,638	197,875	426,513	(197,875)	228,638
Grant advances	4,129,911	-	4,129,911	-	4,129,911
Prepaid expenses	996,982	351,492	1,348,474	-	1,348,474
Short-term investments	16,494,889	-	16,494,889	-	16,494,889
Investment in affiliate	761,624	-	761,624	(761,624)	-
Right of use asset, net	17,205,075	-	17,205,075	-	17,205,075
Property and equipment, net	546,124	63,014	609,138	-	609,138
	$ 116,734,952	$ 1,326,729	$ 118,061,681	$ (959,499)	$ 117,102,182
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable and accrued expenses	$ 1,957,175	$ 510,800	$ 2,467,975	$ (366,986)	$ 2,100,989
Grants payable	2,077,354	-	2,077,354	167,117	2,244,471
Lease liabilities	18,442,723	-	18,442,723	-	18,442,723
Deferred revenue	945,538	54,305	999,843	1,994	1,001,837
Total Liabilities	23,422,790	565,105	23,987,895	(197,875)	23,790,020
Net Assets					
Without donor restrictions	9,417,428	761,624	10,179,052	(761,624)	9,417,428
With donor restrictions	83,894,734	-	83,894,734	-	83,894,734
Total Net Assets	93,312,162	761,624	94,073,786	(761,624)	93,312,162
	$ 116,734,952	$ 1,326,729	$ 118,061,681	$ (959,499)	$ 117,102,182

See independent auditors' report

Vital Strategies, Inc. and Affiliate

Consolidating Statement of Activities
Year Ended December 31, 2025

	Without Donor Restrictions				With Donor Restrictions	
	Vital Strategies, Inc.	Vital Strategies India Services PL	Eliminations	Total	Vital Strategies, Inc.	Total
REVENUE AND SUPPORT						
Grants	$ -	$ 124,485	$ -	$ 124,485	$ 124,445,369	$ 124,569,854
Federal grants	-	22,113	-	22,113	91,183	113,296
Contributions	786,475	-	-	786,475	-	786,475
Fees for service	-	4,522,331	(4,522,331)	-	-	-
Interest income	159,643	23,197	-	182,840	637,714	820,554
Investment income	372,923	-	-	372,923	384,080	757,003
Other income	348	-	-	348	-	348
Net assets released from restrictions	125,327,616	-	-	125,327,616	(125,327,616)	-
Total Revenue and Support	126,647,005	4,692,126	(4,522,331)	126,816,800	230,730	127,047,530
OPERATING EXPENSES						
Program services	106,542,212	3,458,953	(4,723,162)	105,278,003	-	105,278,003
Management and general	16,347,332	996,501	-	17,343,833	-	17,343,833
Fundraising	1,961,516	-	-	1,961,516	-	1,961,516
Total Operating Expenses	124,851,060	4,455,454	(4,723,162)	124,583,352	-	124,583,352
Excess of Revenue and Support over Operating Expenses	1,795,945	236,672	200,831	2,233,448	230,730	2,464,178
NONOPERATING ACTIVITIES						
Gains (losses) on foreign currency translation	156,505	108,230	(200,831)	63,904	-	63,904
Gain on investment in affiliate	251,605	-	(251,605)	-	-	-
Tax expenses	-	(93,297)	-	(93,297)	-	(93,297)
Change in Net Assets	2,204,055	251,605	(251,605)	2,204,055	230,730	2,434,785
NET ASSETS						
Beginning of year	7,213,373	510,405	(510,405)	7,213,373	83,664,004	90,877,377
Capital Contribution	-	(386)	386	-	-	-
End of year	$ 9,417,428	$ 761,624	$ (761,624)	$ 9,417,428	$ 83,894,734	$ 93,312,162

See independent auditors' report