

**CLINTON HEALTH ACCESS INITIATIVE, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
Boston, Massachusetts

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Clinton Health Access Initiative, Inc.
Boston, Massachusetts

Opinion

We have audited the consolidated financial statements of Clinton Health Access Initiative, Inc. and Subsidiaries (collectively "CHAI"), 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 accompanying consolidated financial statements present fairly, in all material respects, the financial position of CHAI as of December 31, 2025, and the results of their operations 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 (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 CHAI 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.

Other Matter

The consolidated financial statements of CHAI for the year ended December 31, 2024, were audited by other auditors, who expressed an unmodified opinion on those statements on September 29, 2025.

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 CHAI's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

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 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 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 CHAI'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 CHAI'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.

Crowe LLP
Crowe LLP

Boston, Massachusetts
September 4, 2026

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents, including donor restricted amounts	\$ 182,731,910	\$ 137,088,371
Advances and deposits	6,388,643	10,173,278
Grants receivable	14,927,709	21,042,446
Prepaid expenses	13,357,667	7,244,413
Operating lease right-of-use asset	878,565	1,271,318
Property and equipment	<u>380,197</u>	<u>418,709</u>
 Total assets	 <u>\$ 218,664,691</u>	 <u>\$ 177,238,535</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 7,442,006	\$ 6,368,644
Accrued expenses and other liabilities	23,379,665	13,769,751
Operating lease liability	855,834	1,248,587
Deferred revenue	<u>162,085,433</u>	<u>142,320,323</u>
Total liabilities	193,762,938	163,707,305
NET ASSETS		
Without donor restrictions	4,634,265	9,542,914
With donor restrictions	<u>20,267,488</u>	<u>3,988,316</u>
Total net assets	<u>24,901,753</u>	<u>13,531,230</u>
 Total liabilities and net assets	 <u>\$ 218,664,691</u>	 <u>\$ 177,238,535</u>

See notes to consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2025
(With Comparative Totals for 2024)

	2025			2024
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Revenues and support				
Contributions	\$ 710,772	\$ 18,730,635	\$ 19,441,407	\$ 7,098,441
Grants	-	276,343,406	276,343,406	234,734,512
Contributions of nonfinancial assets	326,246	-	326,246	557,265
Interest and other income	1,543,401	3,070,285	4,613,686	3,984,602
Net assets released from restrictions	281,865,154	(281,865,154)	-	-
Total revenues, gains and other support	284,445,573	16,279,172	300,724,745	246,374,820
Expenses				
Program services	259,345,003	-	259,345,003	222,341,818
Management and general	29,245,502	-	29,245,502	20,586,924
Fundraising	763,717	-	763,717	941,687
Total expenses	289,354,222	-	289,354,222	243,870,429
Change in net assets	(4,908,649)	16,279,172	11,370,523	2,504,391
Net assets, beginning of year	9,542,914	3,988,316	13,531,230	11,026,839
Net assets, end of year	<u>\$ 4,634,265</u>	<u>\$ 20,267,488</u>	<u>\$ 24,901,753</u>	<u>\$ 13,531,230</u>

See notes to consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES
Year ended December 31, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and support			
Contributions	\$ 5,027,576	\$ 2,070,865	\$ 7,098,441
Grants	-	234,734,512	234,734,512
Contributions of nonfinancial assets	557,265	-	557,265
Interest and other income	885,039	3,099,563	3,984,602
Net assets released from restrictions	<u>237,074,709</u>	<u>(237,074,709)</u>	<u>-</u>
Total revenues, gains and other support	243,544,589	2,830,231	246,374,820
Expenses			
Program services	222,341,818	-	222,341,818
Management and general	20,586,924	-	20,586,924
Fundraising	<u>941,687</u>	<u>-</u>	<u>941,687</u>
Total expenses	<u>243,870,429</u>	<u>-</u>	<u>243,870,429</u>
Change in net assets	(325,840)	2,830,231	2,504,391
Net assets, beginning of year	<u>9,868,754</u>	<u>1,158,085</u>	<u>11,026,839</u>
Net assets, end of year	<u>\$ 9,542,914</u>	<u>\$ 3,988,316</u>	<u>\$ 13,531,230</u>

See notes to consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2025
(with comparative totals for 2024)

	Program Services							Total Program Services	Management and General	Fundraising	2025 Total	2024 Total
	Infectious Diseases	Health Systems Strengthening	Child Health	Women's and New Born Health	Cross Cutting	Innovation	Other Program Services					
Salaries and benefits	\$ 40,618,308	\$ 26,457,377	\$ 21,808,018	\$ 14,081,511	\$ 5,722,257	\$ 4,063,052	\$ 2,126,938	\$114,877,461	\$ 15,885,023	\$ 678,223	\$131,440,707	\$118,575,859
Procurement, subcontracts and program supplies	18,824,990	11,736,604	7,137,938	13,407,440	574,409	141,876	(29,205)	51,794,052	369,073	17,627	52,180,752	47,005,841
Travel, meetings and trainings	11,537,513	11,029,844	10,229,456	7,987,364	935,250	425,952	459,977	42,605,356	854,246	15,407	43,475,009	34,257,874
Professional and consulting fees	4,964,025	4,342,210	3,503,598	1,791,660	1,131,359	272,308	333,038	16,338,198	2,286,609	29,491	18,654,298	19,447,326
Program equipment and infrastructure	9,939,285	3,650,554	10,357,463	274,271	(21,781)	2,563	1,419	24,203,774	32,116	-	24,235,890	13,353,444
In-kind expenses	-	-	-	-	-	-	-	-	326,246	-	326,246	557,265
Office expenses	1,538,337	1,255,011	742,127	633,351	125,667	116,020	381,036	4,791,549	656,491	21,084	5,469,124	5,496,116
Occupancy costs	560,478	573,586	470,058	234,379	38,709	50,006	776,843	2,704,059	307,460	-	3,011,519	3,106,962
Telecom	451,660	223,609	197,612	118,134	45,208	22,617	105,480	1,164,320	106,159	1,810	1,272,289	1,375,213
Bank fees and other expenses	430,211	170,997	80,452	83,825	18,013	12,306	34,912	830,716	8,419,084	75	9,249,875	611,900
Depreciation	565	1,924	741	2,596	215	399	29,078	35,518	2,995	-	38,513	82,629
Total	<u>\$ 88,865,372</u>	<u>\$ 59,441,716</u>	<u>\$ 54,527,463</u>	<u>\$ 38,614,531</u>	<u>\$ 8,569,306</u>	<u>\$ 5,107,099</u>	<u>\$ 4,219,516</u>	<u>\$259,345,003</u>	<u>\$ 29,245,502</u>	<u>\$ 763,717</u>	<u>\$289,354,222</u>	<u>\$243,870,429</u>

See notes to consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended December 31, 2024

	Program Services							Total Program Services	Management and General	Fundraising	Total
	Infectious Diseases	Health Systems Strengthening	Child Health	Women's and New Born Health	Cross Cutting	Innovation	Other Program Services				
Salaries and benefits	\$ 41,401,389	\$ 22,084,740	\$ 19,304,778	\$ 11,629,504	\$ 4,396,423	\$ 2,996,755	\$ 2,317,785	\$ 104,131,374	\$ 13,704,993	\$ 739,492	\$ 118,575,859
Procurement, subcontracts and program supplies	16,749,513	11,598,615	4,145,667	14,055,068	169,329	72,490	89,965	46,880,647	122,194	3,000	47,005,841
Travel, meetings and trainings	10,311,565	7,798,198	8,158,188	5,328,149	407,223	265,463	954,839	33,223,625	946,640	87,609	34,257,874
Professional and consulting fees	5,941,967	3,487,646	2,618,702	1,133,761	765,827	468,650	635,930	15,052,483	4,319,082	75,761	19,447,326
Program equipment and infrastructure	12,290,368	298,894	279,697	478,988	-	411	5,024	13,353,382	62	-	13,353,444
In-kind expenses	-	304,242	-	-	-	-	-	304,242	253,023	-	557,265
Office expenses	1,601,810	1,125,150	888,803	581,665	96,187	62,094	568,221	4,923,930	544,250	27,936	5,496,116
Occupancy costs	761,675	485,392	376,284	282,536	43,426	15,682	637,055	2,602,050	504,912	-	3,106,962
Telecom	536,574	243,852	162,586	122,638	33,060	19,843	133,162	1,251,715	119,051	4,447	1,375,213
Bank fees and other expenses	258,641	97,024	68,935	57,102	9,528	12,195	76,265	579,690	28,768	3,442	611,900
Depreciation	3,453	1,674	777	1,314	239	-	31,223	38,680	43,949	-	82,629
Total	<u>\$ 89,856,955</u>	<u>\$ 47,525,427</u>	<u>\$ 36,004,417</u>	<u>\$ 33,670,725</u>	<u>\$ 5,921,242</u>	<u>\$ 3,913,583</u>	<u>\$ 5,449,469</u>	<u>\$ 222,341,818</u>	<u>\$ 20,586,924</u>	<u>\$ 941,687</u>	<u>\$ 243,870,429</u>

See notes to consolidated financial statements.

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Change in net assets	\$ 11,370,523	\$ 2,504,391
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	38,512	82,629
Noncash operating lease expense	392,753	227,119
Changes in assets and liabilities		
Advances and deposits	3,784,634	(5,916,834)
Grants receivable	6,114,737	(1,351,325)
Prepaid expenses	(6,113,254)	(5,143,520)
Accounts payable	1,073,362	214,635
Accrued expenses	9,609,914	3,762,537
Operating lease liabilities	(392,753)	(169,038)
Deferred revenue	19,765,110	9,793,364
Net cash from operating activities	<u>45,643,538</u>	<u>4,003,958</u>
Cash flows from in investing activities:		
Purchase of property and equipment	<u>-</u>	<u>(151,196)</u>
Net cash from investing activities	<u>-</u>	<u>(151,196)</u>
Net change in cash and cash equivalents including donor restricted amounts	45,643,538	3,852,762
Cash and cash equivalents including donor restricted amounts, beginning of year	<u>137,088,371</u>	<u>133,235,609</u>
Cash and cash equivalents including donor restricted amounts, end of year	<u>\$ 182,731,910</u>	<u>\$ 137,088,371</u>

See notes to consolidated financial statements.

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES

Nature of Operations: Clinton Health Access Initiative, Inc. (“CHAI”) is incorporated in Arkansas as a nonprofit. CHAI was founded in 2002 with the transformational goal of saving the lives of millions of people living with HIV/AIDS. Today, in addition to HIV, CHAI works with partners to prevent and treat malaria, tuberculosis, hepatitis and cancer, accelerate the rollout of lifesaving vaccines, reduce maternal, infant, and child mortality, combat chronic malnutrition and strengthen health systems. CHAI operates in over 35 countries around the world and more than 125 countries have access to CHAI-negotiated reduced prices on medications, diagnostics, vaccines, and other health tools.

The accompanying consolidated financial statements include the assets, liabilities, net assets and financial activities of CHAI and entities established in the countries in which it operates to facilitate on-the-ground service delivery. These entities are, in most cases, under control of CHAI via appointment of members to the board of the local entity along with funding being substantially from CHAI. Certain entities are legally independent; however, management has included such entities as consolidated under accounting principles generally accepted in the United States of America (“GAAP”). This treatment was determined to be appropriate as CHAI represents the majority funder with CHAI advancing enough resources for immediate needs and/or CHAI being the key funder as well as facilitator of local fundraising efforts for support in-country in collaboration with its worldwide funders. All significant intercompany balances have been eliminated in consolidation.

A summary of the accounting policies consistently applied in the consolidated financial statements follows:

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis and in accordance with GAAP which require that CHAI report financial information regarding its financial position and activities.

Classification of Net Assets: CHAI reports its financial position and activities based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of CHAI and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for general use and not subject to donor restrictions. Net assets without donor restrictions include the investment in property and equipment, net of accumulated depreciation.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. CHAI’s donor-imposed restrictions are generally program restricted in nature and thus such resources are reflected as released from restrictions as funds are expended for intended purposes.

Cash and Cash Equivalents Including Donor Restricted Amounts: CHAI considers highly liquid debt instruments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash and cash equivalents are stated at cost plus accrued interest. Cash and cash equivalents are substantially held at a domestic bank in deposit accounts and short-term mutual fund type instruments available through that bank. There are also substantial amounts held at foreign banks. Limited amounts of deposit insurance apply to CHAI’s balances. CHAI monitors its exposure associated with its cash and cash equivalents and has not experienced losses on its accounts.

CHAI seeks to keep its cash and cash equivalents in low-risk type accounts. When accounts are interest bearing, they generally require that any earnings be held for the related restricted purposes based on the source of those funds.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Given advance funding from many grantors, most cash on hand is considered restricted under grant and contribution agreements. Management generally avails these funds for expenses and other cash flow requirements that align to donor expectations.

Advances and Deposits: Advances and deposits include travel advances and other receivables from employees for travel and related business expenses as well as various deposits for leased facilities.

Grants Receivable: Grants receivable represent amounts due from various parties for costs incurred and unpaid at year end under various grant agreements that provide for the invoicing of costs after such costs have been incurred. A major portion of these funds is unbilled at year end given the normal practice to finalize costs prior to invoicing the granting party. Three parties represented 38% and 57% of the grant receivable balance as of December 31, 2025 and 2024, respectively. CHAI has concluded that no allowance for grants receivable is necessary based on review of the outstanding amounts, historical collection of such amounts and existing economic conditions.

Prepaid Expenses: Prepaid expenses include items such as insurance, rent and program supplies and materials purchased in advance. Program supplies and materials purchased in advance include approximately \$9,775,000 of oxygen infrastructure work prepaid to vendors in countries for the year ended December 31, 2025. Supplies and materials are reflected as program costs when transferred to a site for local use.

Property and Equipment

Corporate Property and Equipment - Property and equipment are capitalized at cost when the useful life is over one year and such amounts exceed a management established capitalization threshold. Property and equipment are depreciated on the straight-line basis over the estimated useful life of each asset.

Program Property and Equipment - Property and equipment purchased specifically for direct program use are expensed and charged to the applicable program at the time of purchase and are reflected in the consolidated statements of functional expenses as program equipment and infrastructure. Such property and equipment are acquired to support the delivery of CHAI's programs and are typically transferred to governments, health facilities, or implementing partners in accordance with the terms of the applicable grant or program agreement. The use, ownership, and disposition of program property and equipment are subject to applicable donor requirements and contractual terms.

Property and equipment acquired for CHAI's ongoing operations and retained for CHAI's use are accounted for in accordance with CHAI's capitalization and depreciation policies:

- Purchase price greater than US \$3,500
- Useful life that extends beyond one year

Depreciation and amortization are provided on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Furniture and fixtures	5
Vehicles	5
IT equipments	3
Other equipments	3

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Leases, Right of Use Assets and Lease Liabilities: At the inception of an arrangement, CHAI determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the consolidated statement of financial position. CHAI leases office space under operating lease arrangements through 2029 for which expense is recognized on a straight-line basis over the lease term.

Right of use (“ROU”) assets represent the CHAI’s right to use the underlying assets for the lease term and lease liabilities represent the net present value of CHAI’s obligation to make payments arising from these leases. The lease liabilities are based on the present value of fixed lease payments over the lease term using the implicit lease interest rate or, when unknown, the CHAI’s incremental borrowing rate on the lease commencement date or January 1, 2022 for leases that commenced prior to that date.

If the lease includes one or more options to extend the term of the lease, the renewal option is considered in the lease term if it is reasonably certain CHAI will exercise the options. Operating lease expense is recognized on a straight-line basis over the term of the lease. As permitted by ASC 842, leases with an initial term of twelve months or less (“short-term leases”) are not recorded on the accompanying balance sheet.

Variable lease payments consist primarily of common area maintenance, utilities, and taxes, which are not included in the recognition of ROU assets and related lease liabilities. The CHAI’s lease agreements do not contain material restrictive covenants.

CHAI has included in its computations of its ROU assets and related obligations operating costs the base rent agreement of its office space as a single component as permitted under lease accounting standards. These costs are adjusted periodically based on actual period costs and are charged to lease expense as incurred. Lease expense was approximately \$682,000 and \$926,000 for the years ended December 31, 2025 and 2024, respectively.

Deferred Revenue: Deferred revenue represents funds received in advance for delivery of program services under grant agreements. Amounts are deferred as they are conditioned on incurring costs for the related program and thus are held until such time as costs have been incurred at which time they will be recorded as grant revenue.

In addition to these advances, CHAI also has conditional promises to receive resources of approximately \$323,149,000 and \$359,208,000 at December 31, 2025 and 2024, respectively, from grantors to fund future service delivery activities. While these amounts are committed, they are not recorded in the consolidated financial statements given their conditional nature which includes future evaluation from the donor as to CHAI’s satisfactory progress toward mutually agreed-upon objectives as well as the incurring of related costs associated with the funding. Four donors accounted for approximately 65% and 59% of total conditional promises to give at December 31, 2025 and 2024, respectively.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Revenue Recognition

Grant Revenue - Support funded by grants is generally considered conditional until a barrier to entitlement is met which generally relates to costs being incurred for program services. Accordingly, as CHAI incurs direct programmatic expenses eligible for reimbursement under the grant agreements, revenue is recognized along with amounts allowable for overhead. Invoiced and un-invoiced amounts are recorded in grants receivable as such costs are incurred or, in the case when grants are funded in advance, as a reduction in the associated deferred revenue from such grantor.

Grant revenue is restricted for specific program purposes and, as such, is recorded as with donor restrictions upon incurring direct program expenses, along with related overhead. Such amounts are simultaneously released from restriction.

In addition, CHAI has a substantial amount of future grant funding as indicated in the deferred revenue note above.

Contribution Revenue - Gifts of cash and other assets received without donor stipulations are reported as revenue without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue with donor restrictions. Funds with donor restrictions are generally released from restriction into funds without donor restrictions as direct programmatic expenditures are incurred along with amounts allowable for overhead.

Contributions of Nonfinancial Assets - CHAI receives certain donated services from various parties. CHAI recognizes these amounts as revenue and expenses when the recognition criteria are met for recordation at their estimated fair value.

Other Revenue - Other revenue primarily relates to interest income associated with cash and cash equivalents. Certain of these funds are required to be used for programmatic purposes.

Income Tax Status: CHAI is a nonprofit corporation which has been recognized by the Internal Revenue Service as generally exempt from Federal and state income taxes on its related income under Section 501(c)(3) of the Internal Revenue Code. CHAI similarly operates predominately on an exempt basis when such treatment is available in its various locations of operation in accordance with local laws. Accordingly, income tax disclosures have been excluded given their limited amounts in the consolidated financial statements.

Uncertain Tax Positions: CHAI accounts for the effect of any uncertain tax positions based on a “more likely than not” threshold to the recognition of the tax positions being sustained based on the technical merits of the position under scrutiny by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a “cumulative probability assessment” that aggregates the estimated tax liability for all uncertain tax positions. CHAI has identified its tax status as a tax-exempt entity and its determination of its revenues being related or unrelated as its only significant tax positions and has determined that such tax positions do not result in an uncertainty requiring recognition. CHAI’s U.S. Federal and state income tax returns are generally open for examination for three years following the filing of the related return. CHAI’s foreign tax returns are subject to examination by local government authorities under applicable local law. CHAI is not aware of any material pending tax issues with U.S. or other authorities that would impact recorded amounts in these consolidated financial statements.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Use of Judgments and Estimates: The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make judgments and estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail by function. Certain costs have been allocated among the program services, management and general and fundraising categories based on time and effort measurements and other methods.

Translation to United States Dollars: Assets and liabilities that have a local functional currency are translated to United States Dollars at year-end exchange rates. Property and equipment - net and other nonmonetary assets and liabilities are translated at the approximate exchange rates prevailing when CHAI acquired the assets or liabilities. Transactions are recorded at exchange rates prevailing during the year.

The aggregate foreign currency loss was approximately \$821,000 and \$1,500 for the years ended December 31, 2025 and 2024, respectively, and is included in "bank fees and other expenses" on the consolidated statements of functional expenses.

Subsequent Events: CHAI evaluated its December 31, 2025 consolidated financial statements for subsequent events through September 4, 2026, the date the consolidated financial statements were available to be issued. See Note 8 for disclosures related to federal funding matters. No additional events that occurred through that date required recognition or disclosure. CHAI is not aware of any other material subsequent events which would require recognition or disclosure in the accompanying consolidated financial statements.

NOTE 2 – LIQUIDITY AND AVAILABILITY

CHAI manages its liquidity by regularly monitoring cash balances, anticipated donor receipts, grants receivable, and projected operating and program expenditures. Management coordinates the timing and availability of financial resources with anticipated expenditures and program commitments to meet the Organization's obligations as they become due. For purposes of analyzing resources available to meet general expenditures over a 12-month period, CHAI considers all expenditures related to its ongoing program activities, as well as the conduct of services undertaken to support those activities, to be general expenditures. In addition to the financial assets available to meet general expenditures over the next 12 months, CHAI seeks to operate with at least a balanced operating budget and anticipates collecting sufficient revenue to cover general expenditures.

Cash and cash equivalents include donor-restricted amounts received to fund specific program activities and grants receivable generally relate to amounts due under donor agreements for specific programs. Of the financial assets presented below, approximately \$20,267,488 and \$3,988,316 as of December 31, 2025 and 2024, respectively, were subject to donor-imposed restrictions. Although these amounts are expected to be utilized or collected within one year, their use is limited to the purposes specified in the applicable donor agreements and, therefore, they are not available for unrelated general expenditures.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 2 – LIQUIDITY AND AVAILABILITY (Continued)

The following financial assets could readily be made available within one year of year end to meet general expenditures:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents including donor restricted amounts	\$ 182,731,910	\$ 137,088,371
Grants receivable due in one year or less	<u>14,927,709</u>	<u>21,042,446</u>
	<u>\$ 197,659,619</u>	<u>\$ 158,130,817</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Furniture and fixtures	\$ 1,438,181	\$ 1,438,175
Vehicles	1,431,895	1,431,895
Buildings and fixtures	<u>466,638</u>	<u>466,638</u>
	3,336,714	3,336,708
Less: accumulated depreciation	<u>(2,956,517)</u>	<u>(2,917,999)</u>
Property and equipment, net	<u>\$ 380,197</u>	<u>\$ 418,709</u>

Depreciation expense amounted to approximately \$39,000 and \$83,000 for the years ended December 31, 2025 and 2024, respectively.

NOTE 4 – LEASES

CHAI routinely utilizes month to month and other short-term leasing strategies associated with its international operations. This helps to manage the risk associated with long-term fixed lease commitments, as well as allow for better matching of these costs to the near-term funding commitments that CHAI has available. As such, many of CHAI's leases do not result in a right-of-use asset or a related obligation with such costs being charged to operations as incurred.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 4 – LEASES (Continued)

Leasing information for operating leases is as follows for the years ended December 31:

	2025		2024	
	Operating Lease Right-of-Use Asset	Operating Lease Liability	Operating Lease Right-of-Use Asset	Operating Lease Liability
Balance at beginning of year	\$ 1,271,318	\$ 1,248,587	\$ 1,102,280	\$ 1,021,468
Right-of-use assets obtained in in exchange for operating lease liabilities during the year	-	-	1,095,652	1,051,067
Lease expense related to right-of-use asset	(392,753)	-	(926,614)	-
Principal portion of operating lease liability payments	-	(392,753)	-	(823,948)
Balance at end of year	<u>\$ 878,565</u>	<u>\$ 855,834</u>	<u>\$ 1,271,318</u>	<u>\$ 1,248,587</u>

	2025	2024
Weighted average remaining lease term - operating lease	2.62 years	3.05 years
Weighted average discount rate - operating leases	4.35%	4.26%

The approximate annual minimum non-cancelable rental payments under operating leases for the years ending December 31 are as follows:

2026	\$ 393,133
2027	290,366
2028	148,309
2029	<u>75,964</u>
Total future minimum lease payments	907,772
Less imputed interest	<u>(51,938)</u>
Total	<u>\$ 855,834</u>

Management considers other disclosures associated with its leasing activities including prior year data as not significant given its relative consistency with current year amounts.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 5 – NET ASSETS

Net Assets Without Donor Restrictions: Net assets without donor restrictions consist of the following at December 31:

	<u>2025</u>	<u>2024</u>
Net investment in property and equipment	\$ 380,197	\$ 418,709
Undesignated	<u>4,254,068</u>	<u>9,124,205</u>
Net assets without donor restrictions	<u>\$ 4,634,265</u>	<u>\$ 9,542,914</u>

Net Assets With Donor Restrictions: Net assets with donor restrictions are for the purpose of international health programs and amounted to \$20,267,488 and \$3,988,316 as of December 31, 2025, and 2024, respectively.

During the period ended December 31, 2025, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and/or by occurrence of other events specified by the donors as follows:

	<u>2025</u>	<u>2024</u>
Grants and programs	\$ 280,073,148	\$ 235,933,737
Administrative	<u>1,792,006</u>	<u>1,140,972</u>
	<u>\$ 281,865,154</u>	<u>\$ 237,074,709</u>

NOTE 6 – CONTRIBUTIONS OF NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the consolidated statements of activities included the following for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Medical supplies	\$ 206,800	\$ 304,242
Professional services	<u>119,446</u>	<u>253,023</u>
	<u>\$ 326,246</u>	<u>\$ 557,265</u>

Contributed medical supplies were utilized for CHAI's direct service programs. CHAI estimated the fair value based on estimates of wholesale values that would be received for selling similar products in the United States.

Professional services recognized are comprised of legal fees from attorneys advising CHAI on various administrative legal matters, as well as volunteer time for employees from other organizations whose time is donated to CHAI. These services are valued and reported at the estimated fair value in the consolidated financial statements based on current rates for similar legal services.

(Continued)

CLINTON HEALTH ACCESS INITIATIVE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2025 and 2024

NOTE 7 – PENSION PLANS

Retirement benefits are offered to CHAI employees based on eligibility. An individual must be a full-time contracted employee working a minimum of 1,000 hours per year to be benefits eligible. These benefits are summarized as follows:

- U.S. based staff and U.S. expatriates are eligible to contribute into a 401(k) plan with CHAI matching up to 6% of their eligible compensation.
- Third country nationals are eligible to contribute into a defined contribution pension plan offered by CHAI. CHAI also contributes 6% of eligible compensation for each employee regardless of contribution amount by the employee.
- Local national retirement plans are available in a select number of countries.
- CHAI also contributes to the national social security funds in many of the countries in which it operates as stipulated by local law.

Expenses under the plans were \$5,857,935 and \$5,122,713 for the years ended December 31, 2025, and 2024, respectively.

NOTE 8 – CONCENTRATIONS AND CONTINGENCIES

Assets in Foreign Countries: CHAI maintains cash balances and equipment in Asia, Africa, Europe and the Caribbean. CHAI had approximately \$17,177,000 and \$5,817,000 deposited in foreign banks at December 31, 2025 and 2024, respectively. Certain of these cash balances are exposed to currency risks/variation relative to the U.S. Dollar. In addition, CHAI has property and equipment in various countries purchased with donor funds and used for programmatic purposes that are not capitalized, as well as a modest amount of equipment that was capitalized per CHAI's policy and included in property and equipment, net at December 31, 2025 and 2024.

Concentration of Revenue: Four grantors accounted for approximately 52% and 55% of total revenue for the years ended December 31, 2025 and 2024, respectively, with one donor accounting for approximately 26% and 30% in those respective years.

Revenue was from the following sources for the years ended December 31:

	<u>2025</u>	<u>2024</u>
Government and multilaterals	37%	35%
Private foundations	60%	60%
Other donors	3%	5%
	<u>100%</u>	<u>100%</u>

CHAI country operations are dependent primarily on granted funds, economic conditions and local circumstances. CHAI continues to evaluate these factors on a country-by-country basis to ensure calibration of resources and other circumstances that may impact operations. While the loss of funds would reduce resources available for programs, management believes its near-term funding is stable and that it can navigate funding changes should they occur.

(Continued)

NOTE 8 – CONCENTRATIONS AND CONTINGENCIES (Continued)

International Operations: CHAI operates in numerous jurisdictions and continually seeks to comply with all local laws and regulations regarding corporate, employee and other matters. Management seeks to effect changes in its practices associated with local laws when such laws are effective.

From time to time, CHAI has discovered various matters with respect to payroll taxes and related remittances in a select number of its operating locations. In 2025, CHAI identified and recorded a liability of approximately \$4 million relating to unpaid payroll tax obligations in Zimbabwe, arising from irregularities in remittances by a third-party provider. CHAI is actively engaged with the relevant tax authority to resolve the matter.

Litigation: CHAI is subject to claims that arise primarily in the ordinary course of its activities. Currently, management is not aware of any such claim or claims that could have a material adverse effect on CHAI's financial position or net assets.