

# **Vital Strategies, Inc. and Affiliate**

Consolidated Financial Statements and  
Uniform Guidance Schedules  
Together With Independent Auditors' Reports

December 31, 2024

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## **Independent Auditors' Report**

**Board of Trustees  
Vital Strategies, Inc. and Affiliate**

### **Report on the Audit of the Consolidated Financial Statements**

#### **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, 2024, 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, 2024, and the consolidated changes in its net assets and its 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 13, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule of financial position and consolidating schedule of activities on pages 22 and 23 are presented for purposes of additional analysis and are 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 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2025 on our consideration of Vital Strategies' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Vital Strategies' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Vital Strategies' internal control over financial reporting and compliance.

*PKF O'Connor Davies, LLP*

June 18, 2025

# Vital Strategies, Inc. and Affiliate

## Consolidated Statement of Financial Position December 31, 2024 (with comparative amounts at December 31, 2023)

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents	\$ 38,822,118	\$ 25,668,631
Grants receivable, net (Note 5)	34,672,194	34,916,666
Other receivables	326,033	357,636
Grant advances (Note 10)	3,646,525	1,713,446
Prepaid expenses	1,266,537	1,162,009
Short-term investments (Note 6)	15,674,824	10,076,150
Right of use asset, net (Note 9)	19,220,602	21,165,730
Property and equipment, net (Note 7)	<u>813,003</u>	<u>1,015,941</u>
	<u>\$ 114,441,836</u>	<u>\$ 96,076,209</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 2,255,806	\$ 5,190,185
Grants payable	685,649	-
Lease liabilities (Note 9)	20,492,373	22,452,816
Deferred revenue	<u>130,631</u>	<u>589,624</u>
Total Liabilities	<u>23,564,459</u>	<u>28,232,625</u>
Net Assets		
Without donor restrictions	7,213,373	2,004,392
With donor restrictions (Note 8)	<u>83,664,004</u>	<u>65,839,192</u>
Total Net Assets	<u>90,877,377</u>	<u>67,843,584</u>
	<u>\$ 114,441,836</u>	<u>\$ 96,076,209</u>

See notes to consolidated financial statements

# Vital Strategies, Inc. and Affiliate

## Consolidated Statement of Activities Year Ended December 31, 2024

(with summarized totals for the year ended December 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	2024 Total	2023 Total
<b>REVENUE AND SUPPORT</b>				
Grants	\$ 23,419	\$ 124,795,797	\$ 124,819,216	\$ 66,334,643
Federal grants	166,869	1,056,225	1,223,094	654,329
Contributions	912,963	-	912,963	3,447,182
Interest income	614,535	677,705	1,292,240	649,590
Investment income	318,211	429,833	748,044	421,948
Other income	3,653,945	-	3,653,945	-
Net assets released from restrictions	109,134,748	(109,134,748)	-	-
Total Revenue and Support	<u>114,824,690</u>	<u>17,824,812</u>	<u>132,649,502</u>	<u>71,507,692</u>
<b>OPERATING EXPENSES</b>				
Program services	92,340,698	-	92,340,698	94,839,048
Management and general	15,139,818	-	15,139,818	14,543,815
Fundraising	2,071,087	-	2,071,087	1,170,541
Total Operating Expenses	<u>109,551,603</u>	<u>-</u>	<u>109,551,603</u>	<u>110,553,404</u>
Excess (Deficit) of Revenue and Support over Operating Expenses	5,273,087	17,824,812	23,097,899	(39,045,712)
<b>NONOPERATING ACTIVITIES</b>				
Losses on foreign currency translation	(8,189)	-	(8,189)	(16,892)
Tax expenses	(55,917)	-	(55,917)	(29,838)
Transfer of grant funds (Note 13)	-	-	-	(1,500,000)
Forgiveness of Due from the Union	-	-	-	(760,000)
Forgiveness of grant activity from the Union	-	-	-	(2,845,567)
Forgiveness of grants payable from funder	-	-	-	2,900,000
Change in Net Assets	5,208,981	17,824,812	23,033,793	(41,298,009)
<b>NET ASSETS</b>				
Beginning of year	<u>2,004,392</u>	<u>65,839,192</u>	<u>67,843,584</u>	<u>109,141,593</u>
End of year	<u>\$ 7,213,373</u>	<u>\$ 83,664,004</u>	<u>\$ 90,877,377</u>	<u>\$ 67,843,584</u>

See notes to consolidated financial statements

# Vital Strategies, Inc. and Affiliate

## Consolidated Statement of Functional Expenses Year Ended December 31, 2024 (with summarized totals for the year ended December 31, 2023)

		Supporting Services			
	Program Services	Management and General	Fundraising	2024 Total	2023 Total
Grant expenses	\$ 39,127,708	\$ 2,675,313	\$ -	\$ 41,803,021	\$ 49,045,168
Salaries	22,782,324	6,273,168	1,358,922	30,414,414	24,800,872
Payroll taxes and benefits	5,344,328	1,582,827	472,783	7,399,938	6,481,329
Consultants	11,290,578	457,725	71,829	11,820,132	11,847,696
Training and recruitment	18,903	200,687	3,890	223,480	327,199
Professional fees	56,799	285,855	65	342,719	490,519
Program service agreements	4,803,831	-	-	4,803,831	5,020,708
Other professional services	578,045	1,295,001	9,349	1,882,395	1,950,685
Travel	4,637,895	304,614	81,046	5,023,555	4,859,612
Equipment	170,167	462,012	4,869	637,048	381,981
Maintenance	13,292	248,717	-	262,009	143,590
Supplies	26,964	55,170	230	82,364	106,777
Depreciation	26,022	214,069	-	240,091	233,634
Occupancy costs	2,041,296	381,203	51,019	2,473,518	2,433,034
Postage and delivery	5,763	4,406	71	10,240	6,541
Insurance	3,138	291,162	-	294,300	252,155
Utilities	165,435	75,814	3,919	245,168	264,006
Conference and meetings	456,219	82,644	9,553	548,416	688,629
Provision for non-reimbursable expenses	292,945	67,055	-	360,000	425,146
Other expenses	499,046	182,376	3,542	684,964	794,123
Total Expenses	\$ 92,340,698	\$ 15,139,818	\$ 2,071,087	\$ 109,551,603	\$ 110,553,404

See notes to consolidated financial statements



# Vital Strategies, Inc. and Affiliate

## Consolidated Statement of Cash Flows

Year Ended December 31, 2024

(with comparative amounts for the year ended December 31, 2023)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 23,033,793	\$ (41,298,009)
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gains	(54,817)	(139,588)
Depreciation	240,091	233,634
Forgiveness of grants payable	-	(2,900,000)
Forgiveness of grant activity from the Union	-	2,845,567
Forgiveness of due from the Union	-	760,000
Provision for non-reimbursable expenses	360,000	425,146
Amortization of right of use asset	2,030,122	1,857,554
Change in Operating Assets And Liabilities		
Grants receivable	(115,528)	32,938,536
Other receivables	31,603	(216,340)
Grant advances	(1,933,079)	274,639
Prepaid expenses	(104,528)	(30,595)
Accounts payable and accrued expenses	(2,934,379)	(876,562)
Grants payable	685,649	(293,999)
Deferred revenue	(458,993)	587,140
Lease liabilities	(2,045,437)	(1,729,005)
Net Cash from Operating Activities	<u>18,734,497</u>	<u>(7,561,882)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(37,153)	(54,438)
Purchases of short-term investments	(10,543,857)	(556,163)
Sales of short-term investments	5,000,000	6,000,000
Net Cash from Investing Activities	<u>(5,581,010)</u>	<u>5,389,399</u>
Net Change in Cash	13,153,487	(2,172,483)
<b>CASH</b>		
Beginning of year	<u>25,668,631</u>	<u>27,841,114</u>
End of year	<u>\$ 38,822,118</u>	<u>\$ 25,668,631</u>

See notes to consolidated financial statements

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

#### **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 Internal Revenue Code of 1986 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.

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

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

##### ***Operating Measure***

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

##### ***Revenue Recognition***

When revenue is earned over a period that spans the year end, it is recognized in the applicable period in which it is earned. Fees for service revenue is reported when services are provided. Deferred revenue are funds received in advance and not yet earned. Based on strong collection experience, Vital Strategies has concluded that all revenue recognized is probable of collection.

##### ***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.

##### ***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.

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

#### **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, 2024 and 2023, 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. At December 31, 2024 and 2023, Vital Strategies deems all grants receivable are collectible.

##### ***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 life of the lease.

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, 2024 and 2023 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, 2024 and 2023.

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 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, 2023, 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 financial statement recognition or disclosure. Vital Strategies, Inc. is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to 2021.

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, 2024 and 2023.

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

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

##### ***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.

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 18, 2025.

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 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:

	2024	2023
Financial assets at year-end:		
Cash and cash equivalents	\$ 38,822,118	\$ 25,668,631
Grants receivable, net	34,672,194	34,916,666
Other receivables	326,033	357,636
Short-term investments	15,674,824	10,076,150
Total Financial Assets	89,495,169	71,019,083
Less amounts unavailable for general expenditure:		
Donor imposed restrictions by purpose	(83,664,004)	(65,839,192)
Financial Assets at Year-End Available to Meet Cash		
Needs for General Expenditure Within One Year	\$ 5,831,165	\$ 5,179,891

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 \$48,842,934 for 2025.

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 August 2025, and an additional \$22.5 million was granted, increasing the total agreement to \$116.8 million.

In January 2024, Vital Strategies, Inc. was awarded a grant for the Partnership for Healthy Cities initiative by National Philanthropic Trust totaling \$5.2 million.

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements

December 31, 2024

#### 4. Significant Grant Agreements (*continued*)

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 February 2023, Vital Strategies, Inc. was awarded a grant for the Obesity Prevention Program initiative by Bloomberg Philanthropies totaling \$7.4 million. In February 2024, Vital Strategies, Inc. was awarded a grant for the Obesity Prevention Program initiative by Bloomberg Philanthropies totaling \$13.1 million.

In June and November 2022, Vital Strategies, Inc. was awarded two grants totaling \$17.9 million for the Road Safety initiative by Schwab Charitable. In January 2024, Vital Strategies, Inc. was awarded one grant totaling \$11.3 million for the Road Safety initiative by Schwab Charitable.

In March 2022, Vital Strategies, Inc. was awarded a grant totaling \$13.5 million for the Alcohol Consumption Control initiative by Silicon Valley Community Foundation. In November 2024, Vital Strategies, Inc. was awarded a grant totaling \$8.2 million for the Alcohol Consumption Control initiative by Silicon Valley Community Foundation.

In February 2024, Vital Strategies, Inc. was awarded a grant for Tobacco Control initiative by National Philanthropic Trust totaling \$21.4 million.

#### 5. Grants Receivable

Vital Strategies has the following grants receivable at December 31:

	2024	2023
Grants receivable		
Foundations/Others	\$ 34,672,194	\$ 34,916,666

Collections on the outstanding grants at December 31, 2024 are due within one year. Vital Strategies has created a reserve of \$360,000 for any possible uncollectible federal funding.



## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 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.

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

	2024		
	Level 1	Level 2	Total
Investments			
Money market fund	\$ 24,906	\$ -	\$ 24,906
Commercial paper	-	4,996,902	4,996,902
Corporate and foreign bonds	-	4,566,002	4,566,002
Mutual funds	799,997	-	799,997
	<u>\$ 824,903</u>	<u>\$ 9,562,904</u>	10,387,807
Certificate of deposits*			<u>5,287,017</u>
			<u>\$ 15,674,824</u>
	2023		
	Level 1	Level 2	Total
Investments			
Money market fund	\$ 28,615	\$ -	\$ 28,615
Commercial paper	-	2,014,225	2,014,225
Corporate bonds	-	2,364,748	2,364,748
Mutual funds	1,442,209	-	1,442,209
	<u>\$ 1,470,824</u>	<u>\$ 4,378,973</u>	5,849,797
Certificate of deposits*			<u>4,226,353</u>
			<u>\$ 10,076,150</u>

\* The value of the certificates of deposit is recorded at cost plus accrued interest.

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 7. Property and Equipment

Property and equipment consisted of the following at December 31:

	2024	2023
Equipment	\$ 1,392,173	\$ 1,355,020
Leasehold improvement	1,348,379	1,348,379
	<u>2,740,552</u>	<u>2,703,399</u>
Accumulated depreciation	(1,927,549)	(1,687,458)
	<u>\$ 813,003</u>	<u>\$ 1,015,941</u>

#### 8. Net Assets with Donor Restrictions

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

	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
	<u>\$ 65,839,192</u>	<u>\$ 126,959,560</u>	<u>\$ (109,134,748)</u>	<u>\$ 83,664,004</u>

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 8. Net Assets with Donor Restrictions *(continued)*

	2023				
	Beginning of Year	Additions and Interest Income	Released from Restrictions	Transfer of Grant Funds	End of Year
Tobacco Control Initiative	\$ 32,681,807	\$ 180,500	\$ (23,217,362)	\$ -	\$ 9,644,945
Data For Health Initiative	8,785,523	23,111,596	(22,724,093)	-	9,173,026
Global Road Safety Initiative	15,480,826	93,019	(13,384,025)	-	2,189,820
STREAM Clinical Trials	2,427,333	22,325	(2,351,233)	-	98,425
Other Health Programs	764,482	2,470,677	(2,854,163)	-	380,996
RESET Alcohol	14,155,566	98,126	(3,012,551)	(1,500,000)	9,741,141
Obesity Prevention Initiative	3,226,828	7,491,086	(7,762,992)	-	2,954,922
RTSL Cardiovascular	-	2,792,241	(2,792,241)	-	-
Resolve Media Campaigns	-	589,300	(194,083)	-	395,217
Partnership for Healthy Cities Initiative	5,097,324	5,846,444	(7,981,836)	-	2,961,932
Mayors Challenge	-	270,000	(268,280)	-	1,720
Opioid Overdose Prevention	26,523,994	22,857,557	(21,110,647)	-	28,270,904
Data Driven Health Policy	822,001	11,027	(806,884)	-	26,144
USAID	-	87,150	(87,150)	-	-
	<u>\$ 109,965,684</u>	<u>\$ 65,921,048</u>	<u>\$ (108,547,540)</u>	<u>\$ (1,500,000)</u>	<u>\$ 65,839,192</u>

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, 2024 and 2023, unconditional contributions and interest income with donor restrictions totaled \$126,959,560 and \$65,921,048, respectively.

#### 9. Commitments

##### *Operating Leases*

On October 6, 2017, Vital Strategies entered into new lease agreements for two floors of leasable space. The 4<sup>th</sup> floor lease term began on October 15, 2018 (“effective date”), with an expiration date of May 14, 2034. The 5<sup>th</sup> 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.

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 9. Commitments *(continued)*

##### ***Operating Leases (continued)***

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:

	2024	2023
Right-of-use asset	\$ 25,006,554	\$ 24,921,560
Less: accumulated amortization	<u>(5,785,952)</u>	<u>(3,755,830)</u>
	<u>\$ 19,220,602</u>	<u>\$ 21,165,730</u>
Weighted Average:		
Discount rate	1.73%	1.73%
Remaining lease term in years	9.00	10.09
ROU assets obtained in exchange for operating lease obligations	\$ 98,559	\$ 93,188
Cash paid for amounts included in the measurement of operating lease liabilities	\$ 2,394,442	\$ 2,253,792

Undiscounted operating lease payments are reconciled to the lease liabilities recorded on the statement of financial position at December 31, 2024 are as follows:

Year	Amount
2025	\$ 2,426,012
2026	2,321,404
2027	2,321,404
2028	2,337,528
2029	2,473,398
Thereafter	<u>10,271,779</u>
Total Future Minimum Lease Payments	22,151,525
Less Imputed Interest	<u>(1,659,152)</u>
Total Operating Lease Liability	<u>\$ 20,492,373</u>

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

	2024	2023
Operating leases, included in occupancy costs	\$ 2,401,016	\$ 2,253,792
Variable lease payments, included in occupancy costs	<u>72,502</u>	<u>179,242</u>
	<u>\$ 2,473,518</u>	<u>\$ 2,433,034</u>

## Vital Strategies, Inc. and Affiliate

### Notes to Consolidated Financial Statements December 31, 2024

#### 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:

	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
	<u>\$ 13,854,194</u>	<u>\$ 3,646,525</u>

  

	2023	
	Grant Funding	Grant Advances
VS Singapore	\$ 6,599,817	\$ 914,337
VS Brazil	2,850,024	534,814
VS Paris	3,283,060	25,449
The Action Fund	-	238,846
	<u>\$ 12,732,901</u>	<u>\$ 1,713,446</u>

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

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

#### **11. Due From the Union**

The International Union Against Tuberculosis and Lung Disease (the “Union”) was a business partner of Vital Strategies located in Paris, France. Vital Strategies partners with the Union through technical expertise, project management, funding assistance and membership coordination.

In 2021, the Union communicated to Vital Strategies that it is facing significant financial issues that could impact the collectability of receivables due from the Union to Vital Strategies. In November 2021, a memorandum of understanding (“MOU”) was executed between Vital Strategies and the Union. During 2023, Vital Strategies forgave the amount due from the Union of approximately \$0.8 million, reported as nonoperating activity on the 2023 consolidated statement of activities.

During 2023, Vital Strategies and the Union agreed that \$2.85 million of program activities were forgiven. This forgiveness is reported as forgiveness of grant activity from the Union in nonoperating activities on the consolidated statement of activities. At December 31, 2024 and 2023, there is no amount due from The Union.

#### **12. 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. 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.

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. 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.

As of and for the years ended December 31, 2024 and 2023, four and three funding sources accounted for approximately 95% and 67% of grants receivable, respectively, and five and three funding sources accounted for approximately 89% and 92% of revenue and support.

#### **13. Transfer of Grant Funds**

In 2022, Vital Strategies entered into the RESET Alcohol Project (“RESET”). RESET called for a portion of the funding to be used for the Action Fund. In 2023, Vital Strategies transferred \$1,500,000 to the Action Fund as per the agreement and is reported as transfer of grant funds in the accompanying 2023 consolidated statement of activities.

## **Vital Strategies, Inc. and Affiliate**

### **Notes to Consolidated Financial Statements December 31, 2024**

#### **14. 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. At December 31, 2023, management recognized a 100% reserve on this amount. 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, 2024



# Vital Strategies, Inc. and Affiliate

## Consolidating Statement of Financial Position December 31, 2024

	Vital Strategies, Inc.	Vital Strategies India Services PL	Total	Eliminations	Consolidated
<b>ASSETS</b>					
Cash and cash equivalents	\$ 38,600,914	\$ 221,204	\$ 38,822,118	\$ -	\$ 38,822,118
Grants receivable	34,672,194	-	34,672,194	-	34,672,194
Other receivables	326,033	443,111	769,144	(443,111)	326,033
Grant advances	3,646,525	-	3,646,525	-	3,646,525
Prepaid expenses	909,705	356,832	1,266,537	-	1,266,537
Short-term investments	15,674,824	-	15,674,824	-	15,674,824
Investment in affiliate	510,405	-	510,405	(510,405)	-
Right of use asset, net	19,220,602	-	19,220,602	-	19,220,602
Property and equipment, net	747,964	65,039	813,003	-	813,003
	<u>\$ 114,309,166</u>	<u>\$ 1,086,186</u>	<u>\$ 115,395,352</u>	<u>\$ (953,516)</u>	<u>\$ 114,441,836</u>
<b>LIABILITIES AND NET ASSETS</b>					
Liabilities					
Accounts payable and accrued expenses	\$ 1,888,321	\$ 545,181	\$ 2,433,502	\$ (177,696)	\$ 2,255,806
Grants payable	950,401	-	950,401	(264,752)	685,649
Lease liabilities	20,492,373	-	20,492,373	-	20,492,373
Deferred revenue	100,694	30,600	131,294	(663)	130,631
Total Liabilities	<u>23,431,789</u>	<u>575,781</u>	<u>24,007,570</u>	<u>(443,111)</u>	<u>23,564,459</u>
Net Assets					
Without donor restrictions	7,213,373	510,405	7,723,778	(510,405)	7,213,373
With donor restrictions	83,664,004	-	83,664,004	-	83,664,004
Total Net Assets	<u>90,877,377</u>	<u>510,405</u>	<u>91,387,782</u>	<u>(510,405)</u>	<u>90,877,377</u>
	<u>\$ 114,309,166</u>	<u>\$ 1,086,186</u>	<u>\$ 115,395,352</u>	<u>\$ (953,516)</u>	<u>\$ 114,441,836</u>

See independent auditors' report

## Vital Strategies, Inc. and Affiliate

### Consolidating Statement of Activities Year Ended December 31, 2024

	Without Donor Restrictions				With Donor Restrictions	
	Vital Strategies, Inc.	Vital Strategies India Services PL	Eliminations	Total	Vital Strategies, Inc.	Total
<b>REVENUE AND SUPPORT</b>						
Grants	\$ -	\$ 23,419	\$ -	\$ 23,419	\$ 124,795,797	\$ 124,819,216
Federal grants	-	166,869	-	166,869	1,056,225	1,223,094
Contributions	912,963	-	-	912,963	-	912,963
Fees for service	-	4,127,957	(4,127,957)	-	-	-
Interest income	611,678	2,857	-	614,535	677,705	1,292,240
Investment income	318,211	-	-	318,211	429,833	748,044
Other income	3,653,945	-	-	3,653,945	-	3,653,945
Net assets released from restrictions	109,134,748	-	-	109,134,748	(109,134,748)	-
Total Revenue and Support	114,631,545	4,321,102	(4,127,957)	114,824,690	17,824,812	132,649,502
<b>OPERATING EXPENSES</b>						
Program services	93,175,310	3,375,341	(4,209,953)	92,340,698	-	92,340,698
Management and general	14,328,809	811,009	-	15,139,818	-	15,139,818
Fundraising	2,066,777	4,310	-	2,071,087	-	2,071,087
Total Operating Expenses	109,570,896	4,190,660	(4,209,953)	109,551,603	-	109,551,603
Excess of Revenue and Support over Operating Expenses	5,060,649	130,442	81,996	5,273,087	17,824,812	23,097,899
<b>NONOPERATING ACTIVITIES</b>						
Gains (losses) on foreign currency translation	(6,398)	80,205	(81,996)	(8,189)	-	(8,189)
Gain on investment in affiliate	154,730	-	(154,730)	-	-	-
Tax expenses	-	(55,917)	-	(55,917)	-	(55,917)
Change in Net Assets	5,208,981	154,730	(154,730)	5,208,981	17,824,812	23,033,793
<b>NET ASSETS</b>						
Beginning of year	2,004,392	355,675	(355,675)	2,004,392	65,839,192	67,843,584
End of year	\$ 7,213,373	\$ 510,405	\$ (510,405)	\$ 7,213,373	\$ 83,664,004	\$ 90,877,377

See independent auditors' report

**Vital Strategies, Inc.**

Uniform Guidance Schedules and Reports

December 31, 2024

## Vital Strategies, Inc.

### Schedule of Expenditures of Federal Awards and Accompanying Notes Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<u>U.S. Agency for International Development</u>				
Indirect award:				
Pass-through from JSI Research and Training Institute Inc.				
USAID Foreign Assistance for Programs Overseas	98.001	04-2679824	\$ -	\$ 494,181
Fixed Award from JSI Research and Training Institute Inc.				
USAID Foreign Assistance for Programs Overseas	98.001	04-2679824	-	39,166
Pass-through from Management Sciences for Health, Inc.				
USAID Foreign Assistance for Programs Overseas	98.001	04-2482188	-	523,792
Pass-through from World Resources Institute				
USAID Foreign Assistance for Programs Overseas	98.001	52-1257057	-	119,752
			-	1,176,891
Total U.S. Agency for International Development			-	1,176,891
Total Expenditures of Federal Awards			\$ -	\$ 1,176,891

#### 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Vital Strategies, Inc. under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Vital Strategies, Inc., it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of Vital Strategies, Inc.

#### 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

#### 3. Nonmonetary Assistance

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. Vital Strategies, Inc. received no nonmonetary assistance for the year ended December 31, 2024.

#### 4. Indirect Cost Rate

Vital Strategies, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and Other  
Matters Based on an Audit of Financial Statements Performed in Accordance With  
Government Auditing Standards**

**Independent Auditors' Report**

**Board of Trustees**

**Vital Strategies, Inc. and Affiliate**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Vital Strategies, Inc. and Affiliate (collectively, "Vital Strategies"), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 18, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Vital Strategies' consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*PKF O'Connor Davies, LLP*

June 18, 2025

**Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

**Independent Auditors' Report**

**Board of Trustees**  
**Vital Strategies, Inc.**

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Vital Strategies, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Vital Strategies, Inc.'s major federal programs for the year ended December 31, 2024. Vital Strategies, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Vital Strategies, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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



## **Report on Internal Control over Compliance**

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

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

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

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

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the consolidated financial statements of Vital Strategies, Inc. as of and for the year ended December 31, 2024, and have issued our report thereon dated June 18, 2025, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and 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 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 financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

*PKF O'Connor Davies, LLP*

September 16, 2025

**Vital Strategies, Inc.**

Schedule of Findings and Questioned Costs  
Year Ended December 31, 2024

**Section I - Summary of Auditors' Results**

**Consolidated Financial Statements**

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

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_ yes X none noted

Noncompliance material to consolidated financial statements noted?

\_\_\_ yes X no

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified?

\_\_\_ yes X no

Significant deficiency(ies) identified?

\_\_\_ yes X none reported

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

Unmodified

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

\_\_\_ yes X no

Identification of major federal programs:

Assistance Listing Number  
98.001

Name of Federal Program or Cluster  
USAID Foreign Assistance for Programs Overseas

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

\$750,000

Auditee qualified as low-risk auditee?

\_\_\_ yes X no

**Section II – Consolidated Financial Statement Findings**

During our audit, we noted no material findings for the year ended December 31, 2024.

**Section III – Federal Award Findings and Questioned Costs**

During our audit, we noted no material instances of noncompliance and none of the costs reported in the federal financially assisted programs are questioned or recommended to be disallowed.