

Hesperian Health Guides

Financial Statements

Year ended June 30, 2024

with

Report of Independent Auditors



101 LARKSPUR LANDING CIRCLE
SUITE 200. LARKSPUR. CA. 94939

MAIN OFFICE (415) 925-1120
FAX (415) 925-1140

Report of Independent Auditors

To the Board of Directors
of Hesperian Health Guides

Opinion

We have audited the accompanying financial statements of Hesperian Health Guides (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hesperian Health Guides as of June 30, 2024, and the 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. 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 Hesperian Health Guides 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.

Change in Accounting Principle

As discussed in Note 11 to the financial statements, Hesperian has adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hesperian Health Guides' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Hesperian Health Guides' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hesperian Health Guides' 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 the financial statements of Hesperian Health Guides as of and for the year ended June 30, 2023, and in our report dated January 9, 2024, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WMB², LLP

WMB², LLP
Larkspur, California
January 21, 2025

Hesperian Health Guides
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current assets		
Cash and cash equivalents	\$ 244,773	\$ 307,920
Short-term investments	1,178,562	1,330,326
Contributions receivable due within one year	50,140	62,100
Accounts receivable	47,264	75,436
Inventory	204,891	217,850
Total current assets	1,725,630	1,993,632
Property and equipment, net	1,751,141	1,785,479
Contributions receivable (long-term)	-	20,000
Deposit and prepaid expenses	44,856	49,606
Total assets	\$ 3,521,627	\$ 3,848,717
Liabilities and net assets		
Current liabilities		
Accounts payable	\$ 7,433	\$ 33,474
Accrued liabilities	157,113	140,077
Grants payable	8,969	131
Total current liabilities	173,515	173,682
Net assets		
Without donor restrictions		
Board designated reserve funds	400,000	400,000
Undesignated	2,237,486	2,409,035
	2,637,486	2,809,035
With donor restrictions	710,626	866,000
Total net assets	3,348,112	3,675,035
Total liabilities and net assets	\$ 3,521,627	\$ 3,848,717

See accompanying notes.

Hesperian Health Guides
Statement of Activities and Changes in Net Assets
Year ended June 30, 2024 with comparative totals only for the year ended June 30, 2023

	Without donor restrictions	With donor restrictions	2024 Totals	2023 Totals
Support and revenue				
Contributions - foundations	\$ 523,007	\$ 905,140	\$ 1,428,147	\$ 1,210,973
Contributions - individuals	137,413	28,229	165,642	275,556
In-kind contributions	-	-	-	75,375
Publication revenue	288,759	-	288,759	258,392
Digital revenue	4,769	-	4,769	4,881
Bequests	149,443	-	149,443	8,041
Net investment return	65,210	-	65,210	58,434
Other income	8,087	-	8,087	1,142
Net assets released from restrictions	1,088,743	(1,088,743)	-	-
Total support and revenue	2,265,431	(155,374)	2,110,057	1,911,311
Expenses				
Program services:				
Books, Apps and Online Resources	1,214,363	-	1,214,363	969,174
Health outreach	578,448	-	578,448	644,048
Fulfillment	202,990	-	202,990	193,493
Total program services	1,995,801	-	1,995,801	1,806,715
Supporting services:				
Management and general	166,080	-	166,080	248,665
Fundraising	275,099	-	275,099	309,931
Total supporting services	441,179	-	441,179	558,596
Total expenses	2,436,980	-	2,436,980	2,365,311
Change in net assets	(171,549)	(155,374)	(326,923)	(454,000)
Net assets, beginning of year	2,809,035	866,000	3,675,035	4,129,035
Net assets, end of year	\$ 2,637,486	\$ 710,626	\$ 3,348,112	\$ 3,675,035

See accompanying notes.

Hesperian Health Guides
Statement of Functional Expenses
Year ended June 30, 2024 with comparative totals only for the year ended June 30, 2023

	Program Services				Supporting Services			2024 Totals	2023 Totals
	Books, Apps and Online Resources	Health Outreach	Fulfillment	Totals	Management and General	Fundraising	Totals		
Salaries	\$ 615,146	\$ 375,899	\$ 55,126	\$ 1,046,171	\$ 110,244	\$ 125,806	\$ 236,050	\$ 1,282,221	\$ 1,225,880
Payroll taxes	48,332	23,090	2,928	74,350	8,793	7,713	16,506	90,856	94,742
Benefits	88,581	53,988	6,934	149,503	16,204	18,348	34,552	184,055	117,383
Total personnel	752,059	452,977	64,988	1,270,024	135,241	151,867	287,108	1,557,132	1,438,005
Advertising	91,885	3,774	192	95,851	444	507	951	96,802	105,621
Complimentary copies	54	6,814	-	6,868	49	126	175	7,043	10,956
Cost of goods sold	-	-	108,306	108,306	-	-	-	108,306	112,244
Depreciation	26,987	16,506	2,117	45,610	4,915	5,794	10,709	56,319	46,216
Financial fees, licenses and royalties	3,125	153	7,341	10,619	1,259	2,873	4,132	14,751	29,454
Grants to partners	162,080	5,147	-	167,227	-	-	-	167,227	132,381
Insurance	5,538	3,367	436	9,341	1,010	1,153	2,163	11,504	12,079
Meetings and conferences	-	-	-	-	-	-	-	-	6,917
Memberships and publications	229	2,569	18	2,816	182	1,647	1,829	4,645	4,717
Miscellaneous and small purchases	-	-	-	-	-	-	-	-	14,454
Occupancy	11,063	6,771	867	18,701	1,932	2,216	4,148	22,849	47,724
Office supplies and communications	4,234	3,683	1,169	9,086	1,194	1,782	2,976	12,062	16,963
Postage and shipping	301	5,040	13,034	18,375	1,420	3,821	5,241	23,616	21,699
Printing and copying	2,228	2,795	165	5,188	383	4,743	5,126	10,314	12,280
Professional services	141,169	46,153	1,286	188,608	15,265	95,220	110,485	299,093	312,344
Software and related	8,978	4,930	1,198	15,106	2,075	1,695	3,770	18,876	25,344
Travel, events and training	4,356	11,950	76	16,382	697	1,356	2,053	18,435	6,997
Web hosting services	77	5,819	1,797	7,693	14	299	313	8,006	8,916
Total expenses	\$ 1,214,363	\$ 578,448	\$ 202,990	\$ 1,995,801	\$ 166,080	\$ 275,099	\$ 441,179	\$ 2,436,980	\$ 2,365,311

☐ Includes payment to employer of record totaling \$96,353

See accompanying notes.

Hesperian Health Guides
Statements of Cash Flows
Years ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities		
Change in net assets	\$ (326,923)	\$ (454,000)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	56,319	46,216
In-kind contributions - website design	-	(45,000)
Realized and unrealized (gain) on investments	364	(12,782)
Changes in certain assets and liabilities		
Contributions receivable	31,960	(7,825)
Accounts receivable	28,172	(43,157)
Other receivables	-	901
Inventory	12,959	5,393
Deposit and prepaid expenses	4,750	(4,175)
Accounts payable	(26,041)	15,304
Accrued liabilities	17,036	3,151
Grants payable	8,838	(1,480)
	<u>(192,566)</u>	<u>(497,454)</u>
Cash used by operating activities		
Cash flows from investing activities		
Change in investments	151,400	859,041
Purchases of property and equipment	(21,981)	(225,172)
	<u>129,419</u>	<u>633,869</u>
Cash provided for investing activities		
Change in cash and cash equivalents	(63,147)	136,415
Cash and cash equivalents, beginning of year	<u>307,920</u>	<u>171,505</u>
Cash and cash equivalents, end of year	<u>\$ 244,773</u>	<u>\$ 307,920</u>

See accompanying notes.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 1 – Organization and nature of activities

Hesperian Health Guides addresses urgent, emerging, and primary health needs, structural inequalities in health access and their root causes, together with the people most directly affected. Made freely available in multiple languages and formats, our information and educational resources help people around the world take greater control over their health and lives, and support their efforts to eliminate the underlying causes of poor health.

Hesperian creates print and digital materials across issue areas of critical importance to physical and mental well-being, including: primary health care, women's health and reproductive health, children's health, mental health, living with chronic illness and disabilities, environmental health, and workers' health and safety. This year, Hesperian developed, produced, and distributed books, apps and online resources in 46 languages in six program areas: Women's Reproductive Rights and Health, Mental Health, Environmental Health Justice, Free Books/Open Copyright, Workers' Health and Safety, and Epilepsy and Seizures. Hesperian is committed to keeping health information up to date and this year released updated medical information in *Where There Is No Doctor*, *Where There Is No Dentist*, *A Book for Midwives*, and our reproductive health apps.

Hesperian employs a unique, culturally sensitive, collaborative method that involves community-based partners throughout Latin America, Africa, Asia, and the United States, as well as international experts, and national and international organizations. Our long-term goal is Health for All, a systemic change that realizes people's right to health by eliminating not just the biological but the economic, environmental and social causes of illness.

Note 2 – Summary of significant accounting policies

Basis of accounting

Hesperian prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Hesperian records revenues when earned and expenses when incurring the related obligations.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

Net assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors of Hesperian may designate some net assets without donor restrictions for certain purposes. Accordingly, Hesperian segregates its net assets without donor restrictions between designated and undesignated.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions

Hesperian receives grants primarily to support the development, production and distribution of its educational materials. Contributions, unconditional promises to give, and other assets are recognized at fair values and are recorded as made. All contributions are considered to be without donor restriction unless specifically communicated by the donor. Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When these restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as Net Assets Released from Restrictions.

Contributed goods and services

This year, Hesperian's effectiveness was tremendously enhanced by the work of 121 volunteers who contributed approximately 4,872 volunteer hours, working around the world in capacities such as researchers and reviewers, book packers, field testers, translators, website coders, and data analysts.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

Contributed goods and services (continued)

The vast majority of donated services from unpaid volunteers who assist in book packing, field testing, translation and other projects are not recognized in the statement of activities because the criteria for recognition in accordance with generally accepted accounting principles have not been satisfied.

Contributions of donated noncash assets are recorded at fair value in the period received. Contributions of donated services are recognized when received if the services (a) create or enhance nonfinancial assets, or (b) require specialized skills that are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Hesperian does not sell donated gifts-in-kind. No significant contributions of goods or services were received during the year ended June 30, 2024.

Government grants

Government grants and contracts are conditional cost-reimbursement contracts. Hesperian does not recognize support from these contracts until it fulfills the conditions, generally, by expending costs and performing services to accomplish the requirements of the contracts. During the year ended June 30, 2024, Hesperian did not receive any government grants.

Fee for service

Services performed under fee for service arrangements are recognized over time as the related services are performed.

Publication revenue

Hesperian's sources of revenue include publication sales, which Hesperian recognizes upon shipment to the customer.

Fair value

Hesperian uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs consist of observable inputs other than quoted prices for identical assets. Level 3 inputs consist of unobservable inputs that reflect internal judgments and have the lowest priority.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

Hesperian uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Hesperian measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Hesperian only uses Level 3 inputs when Level 1 or Level 2 inputs are not available.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on hand and on deposit with a commercial bank, available within 90 days of demand.

Short-term investments

Short-term investments include debt securities, money market funds, and cash held for investment purposes. Hesperian reports the fair value of investments in debt securities and money market funds, with readily determinable fair values. Hesperian reports all other investments at cost. Net investment return consists of interest, dividends, gain or loss on the sale of investments, and appreciation or depreciation of holding investments, net of investment management fees. Hesperian recognizes net investment return when earned.

Accounts receivable and credit policies

Hesperian uses the allowance method to account for uncollectible accounts receivable. Under this method, Hesperian records an allowance for credit loss when collectability is uncertain based on a review of outstanding receivables, historical collection information, and existing economic conditions. When attempts to collect a specific receivable are unsuccessful, Hesperian considers the account uncollectible and writes it off against the allowance. As of June 30, 2024, Hesperian's management concluded that all receivables are fully collectible; accordingly, no allowance for credit losses has been established.

Contributions receivable

Contributions receivable short-term are recorded at net realizable value. Contributions receivable long-term are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discount is included in contribution revenue in the statement of activities.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

Hesperian uses the allowance method to account for uncollectible contributions receivable. Under this method, Hesperian records an allowance for doubtful accounts based on a review of outstanding receivables, historical collection information, and existing economic conditions. When attempts to collect a specific receivable are unsuccessful, Hesperian considers the account uncollectible and writes it off against the allowance. As of June 30, 2024, Hesperian's management concluded that all contributions are fully collectible; accordingly, no allowance for doubtful accounts has been established.

Inventory

Inventory consists of printed materials available for sale at the lower of cost (first-in, first-out basis) or market value. Cost is determined by the manufacturers' printing and binding unit price. Other costs to research, write, edit and field test books are charged to expenses as incurred.

Property and equipment

Property and equipment consist of land, building and improvements, furniture, equipment and computer software. Hesperian capitalizes purchased and donated property and equipment at cost and fair value, respectively, when such cost or fair value exceeds \$2,500. Maintenance and repair costs are expensed as incurred. Hesperian depreciates property and equipment using the straight-line method over their estimated useful lives ranging from five years for equipment to thirty-nine years for building and improvements.

Income taxes

Governmental authorities have informed Hesperian that it is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (IRC) and section 23701d of the California Revenue and Taxation Code. Governmental authorities have classified Hesperian as an organization that is not a private foundation under IRC section 509(a)(1) and 170(b)(1)(A)(vi). Consequently, donors are entitled to the highest charitable income tax deduction allowed by law. The management of Hesperian believes that no activities of Hesperian jeopardized its exemption from income taxes or its classification as a "public charity." Consequently, Hesperian provided no income tax provision herein.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

The management of Hesperian is required to report information regarding its exposure to various tax positions taken by Hesperian and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that Hesperian has adequately addressed all tax positions and that there are no unrecorded tax liabilities. Tax years 2021 to 2023 are open for examination by the Internal Revenue Service and years 2020 to 2023 by the California Franchise Tax Board.

Shipping and handling costs

Shipping and handling costs are included in postage and shipping expenses. This includes shipping of books sent through Hesperian's Gratis Book Program. Shipping and handling costs for the year ended June 30, 2024 were \$23,616.

Advertising costs

Hesperian expenses costs incurred for producing and communicating advertising when incurred. Advertising costs for the year ended June 30, 2024 were \$96,802, including costs for paid social media for the purposes of sharing health information.

Leases

Hesperian recognizes lease right-of-use assets and operating lease liabilities, if material.

Allocation of functional expenses

Functional expenses of Hesperian include program and supporting expenses. Supporting expenses include management and general, and fundraising. Hesperian records expenses that directly benefit an activity to that specific activity. Hesperian allocates expenses that do not directly benefit an activity between program and supporting based on estimates of the relative benefits to each. Hesperian bases its estimates on either time spent by personnel on various activities or space used by various activities, whichever Hesperian deems more relevant to the particular expense. The management of Hesperian reviews and adjusts the estimates and bases at least annually.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 2 – Summary of significant accounting policies (continued)

Prior year summarized comparative information

The financial statements include certain prior year summarized comparative information in total, but not by net asset classification. Such information does not always include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, read such information in conjunction with the financial statements for the year ended June 30, 2023, from which the summarized comparative information was derived.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Accordingly, actual results could differ from those estimated.

Note 3 – Short-term investments

As of June 30, 2024, short-term investments total as follows:

<u>Class and type</u>	<u>Short-term investments</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and cash equivalents (at cost)	\$ 277,659	\$ -	\$ -
Money market funds	509,477	509,477	
Fixed income securities			
U.S. Treasury Note	391,426	-	391,426
Total	\$ 1,178,562	\$ 509,477	\$ 391,426

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 4 – Property and equipment

Property and equipment as of June 30, 2024, total as follows:

Building and improvements	\$ 1,441,057
Land	303,000
Furniture and equipment	69,321
Computer software	<u>77,528</u>
Property and equipment, at cost	1,890,906
Accumulated depreciation	<u>(139,765)</u>
Property and equipment, net	<u>\$ 1,751,141</u>

Note 5 – Net assets without donor restrictions

At June 30, 2024, net assets without donor restrictions total \$2,637,486. This includes the value of the building purchased as a permanent home for Hesperian's operations in June 2022 for \$1,515,000 and improvements made during fiscal year ended June 30, 2023 bringing the total value of the property to \$1,666,808 after depreciation. See Note 4 for details on Property and Equipment. In addition, net assets without donor restrictions includes a Board-Designated Operating Reserve Fund of \$400,000 created in 2020, and the value of inventory of books, equipment, and other assets.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 6 – Net assets with donor restrictions

As of and during the year ended June 30, 2024, net assets with donor restrictions reconciled as follows:

	Beginning	Additions	Releases	Ending
<u>Program Restrictions</u>				
Community Mental Health	\$ 12,162	\$ -	\$ (12,162)	\$ -
Epilepsy and Seizures	671,717	-	(219,513)	452,204
Fracking and People's Health	10,187	-	(8,623)	1,564
Women's Rights & Health	114,976	908,465	(805,038)	218,403
Gratis Book Program	16,958	14,598	(13,101)	18,455
Healthy Food and Livelihoods Fund	-	5,306	(5,306)	-
Environmental Justice & Health Workers	-	5,000	(5,000)	-
Total program restricted net assets	826,000	933,369	(1,068,743)	690,626
<u>Time Restrictions</u>	40,000	-	(20,000)	20,000
Total	<u>\$ 866,000</u>	<u>\$ 933,369</u>	<u>\$ (1,088,743)</u>	<u>\$ 710,626</u>

Note 7 – Retirement plan

Hesperian offers a 403(b)-retirement plan and eligible employees may elect to defer a portion of their annual compensation, up to the maximum allowed by the Internal Revenue Service. Hesperian contributes 1% of eligible employees' gross wages. For the year ended June 30, 2024, the employer contribution totaled \$12,387. Employer contributions are vested after three years of employment.

Note 8 – Liquidity and availability of financial assets

The following reflects Hesperian's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts available include donor restricted amounts that are available for general expenditure in the following year.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 8 – Liquidity and availability of financial assets (continued)

Financial assets, at year end:	
Cash and cash equivalents	\$ 244,773
Short-term investments	1,178,562
Receivables	<u>97,404</u>
	1,520,739
Less those unavailable for general expenditures within one year, due to:	
Board designated reserve fund	<u>400,000</u>
	<u>400,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,120,739</u>

As part of its liquidity management, Hesperian invests cash in excess of daily requirements in cash equivalents, including money market funds and other short-term investments.

Note 9 – Concentrations, credit and market risk

Hesperian manages deposit concentration risk by holding cash, money market accounts, and U.S treasury bills at financial institutions they believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market funds and U.S. treasury bills. Insured accounts are either guaranteed by the Federal Deposit Insurance Company (FDIC) up to \$250,000 or by the Securities Protection Corporation (SPIC) up to \$500,000. As of June 30, 2024, Hesperian had approximately \$178,562 in excess of SPIC insurance limits. To date, Hesperian has not experienced losses in any of these accounts. Investment performance is monitored by management and the investment committee of the Board of Directors. Management and the investment committee believe that the investment policies and practices are prudent for the long-term welfare of the organization.

Hesperian Health Guides
Notes to Financial Statements
June 30, 2024

Note 9 – Concentrations, credit and market risk (continued)

Credit risk associated with accounts receivable and contributions receivable is considered to be limited due to the high historical collections rates and because substantial portions of the outstanding amounts are due from foundations that have supported Hesperian's mission for multiple years.

During the year ended June 30, 2024, contributions received from two foundations totaled 35% of total support and revenue.

Note 10 – Commitments and contingencies

Hesperian has received support that may be subject to audit or review by the grantor agencies. Management believes that Hesperian has complied with all aspects of the grant provisions and that disallowed costs, if any, would be insignificant to the financial position of Hesperian.

Note 11 – Adoption of new standard

Effective July 1, 2023, Hesperian adopted ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. Hesperian adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on Hesperian's financial statements but did change how the allowance for credit losses is determined.

Note 12 – Subsequent events

Hesperian evaluated subsequent events for recognition and disclosure through January 21, 2025, the date on which these financial statements were available to be issued. Management concluded that no material subsequent events have occurred since June 30, 2024 that required recognition or disclosure in the financial statements.