

**Hesperian Health Guides**

**Financial Statements**

**Year ended June 30, 2025**

**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, 2025, 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, 2025, 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.

### 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, 2024, and in our report dated January 21, 2025, we expressed an unmodified opinion. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

WMB<sup>2</sup>, LLP

WMB<sup>2</sup>, LLP  
Larkspur, California  
December 17, 2025

**Hesperian Health Guides**  
**Statements of Financial Position**  
**June 30, 2025 and 2024**

	2025	2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 124,203	\$ 244,773
Short-term investments	573,433	1,178,562
Contributions receivable due within one year	205,900	50,140
Accounts receivable	23,915	47,264
Inventory	124,995	204,891
<b>Total current assets</b>	1,052,446	1,725,630
Property and equipment, net	1,695,184	1,751,141
Right-of-use operating lease asset	12,615	-
Deposit and prepaid expenses	61,927	63,901
<b>Total assets</b>	\$ 2,822,172	\$ 3,540,672
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 53,844	\$ 26,478
Accrued liabilities	145,518	157,113
Grants payable	9,305	8,969
Deferred revenue	9,028	-
Current portion of operating lease liability	2,906	-
<b>Total current liabilities</b>	220,601	192,560
Long-term operating lease liability	9,709	-
<b>Total liabilities</b>	230,310	192,560
<b>Net assets</b>		
Without donor restrictions		
Board designated reserve funds	400,000	400,000
Undesignated	1,690,184	2,237,486
	2,090,184	2,637,486
With donor restrictions	501,678	710,626
<b>Total net assets</b>	2,591,862	3,348,112
<b>Total liabilities and net assets</b>	\$ 2,822,172	\$ 3,540,672

See accompanying notes.

**Hesperian Health Guides**  
**Statement of Activities and Changes in Net Assets**  
Year ended June 30, 2025 with comparative totals only for the year ended June 30, 2024

	Without donor restrictions	With donor restrictions	2025 Totals	2024 Totals
<b>Support and revenue</b>				
Contributions - foundations	\$ 496,167	\$ 916,200	\$ 1,412,367	\$ 1,428,147
Contributions - individuals	132,780	46,517	179,297	165,642
In-kind contributions	5,100	-	5,100	-
Fee for service	12,228	-	12,228	-
Publication revenue	229,449	-	229,449	288,759
Digital revenue	6,279	-	6,279	4,769
Bequests	-	-	-	149,443
Net investment return	31,418	-	31,418	65,210
Other income	3,300	-	3,300	8,087
Net assets released from restrictions	1,171,665	(1,171,665)	-	-
<b>Total support and revenue</b>	<b>2,088,386</b>	<b>(208,948)</b>	<b>1,879,438</b>	<b>2,110,057</b>
<b>Expenses</b>				
<b>Program services:</b>				
Books, Apps and Online Resources	1,401,576	-	1,401,576	1,214,363
Health outreach	529,217	-	529,217	578,448
Fulfillment	168,398	-	168,398	202,990
<b>Total program services</b>	<b>2,099,191</b>	<b>-</b>	<b>2,099,191</b>	<b>1,995,801</b>
<b>Supporting services:</b>				
Management and general	205,411	-	205,411	166,080
Fundraising	239,117	-	239,117	275,099
<b>Total supporting services</b>	<b>444,528</b>	<b>-</b>	<b>444,528</b>	<b>441,179</b>
<b>Total functional expenses</b>	<b>2,543,719</b>	<b>-</b>	<b>2,543,719</b>	<b>2,436,980</b>
<b>Change in net assets (before nonrecurring expense)</b>	<b>(455,333)</b>	<b>(208,948)</b>	<b>(664,281)</b>	<b>(326,923)</b>
<b>Nonrecurring expense</b>				
Inventory write-down	91,969	-	91,969	-
<b>Total nonrecurring expense</b>	<b>91,969</b>	<b>-</b>	<b>91,969</b>	<b>-</b>
<b>Change in net assets (after nonrecurring expense)</b>	<b>(547,302)</b>	<b>(208,948)</b>	<b>(756,250)</b>	<b>(326,923)</b>
<b>Net assets, beginning of year</b>	<b>2,637,486</b>	<b>710,626</b>	<b>3,348,112</b>	<b>3,675,035</b>
<b>Net assets, end of year</b>	<b>\$ 2,090,184</b>	<b>\$ 501,678</b>	<b>\$ 2,591,862</b>	<b>\$ 3,348,112</b>

See accompanying notes.

**Hesperian Health Guides**  
**Statement of Functional Expenses**  
Year ended June 30, 2025 with comparative totals only for the year ended June 30, 2024

	Program Services				Supporting Services			2025 Totals	2024 Totals
	Books, Apps and Online Resources	Health Outreach	Fulfillment	Totals	Management and General	Fundraising	Totals		
Salaries	\$ 714,908	\$ 325,488	\$ 50,229	\$ 1,090,625	\$ 136,208	\$ 160,742	\$ 296,950	\$ 1,387,575	\$ 1,282,221
Payroll taxes	52,257	24,202	3,608	80,067	10,149	12,208	22,357	102,424	90,856
Benefits	117,322	54,017	8,096	179,435	22,931	27,342	50,273	229,708	184,055
<b>Total personnel</b>	<b>884,487</b>	<b>403,707</b>	<b>61,933</b>	<b>1,350,127</b>	<b>169,288</b>	<b>200,292</b>	<b>369,580</b>	<b>1,719,707</b>	<b>1,557,132</b>
Advertising	100,043	4,784	18	104,845	49	60	109	104,954	96,802
Complimentary copies	44	8,076	-	8,120	-	1,388	1,388	9,508	7,043
Cost of goods sold	-	-	78,773	78,773	-	-	-	78,773	108,306
Depreciation	32,753	15,168	2,259	50,180	6,523	7,624	14,147	64,327	56,319
Financial fees, licenses and royalties	3,620	39	10,010	13,669	1,294	3,492	4,786	18,455	14,751
Grants to partners	166,898	24,019	-	190,917	-	-	-	190,917	167,227
Insurance	7,190	3,357	495	11,042	1,384	1,686	3,070	14,112	11,504
Memberships and publications	229	2,692	16	2,937	184	1,653	1,837	4,774	4,645
Occupancy	14,647	6,796	1,043	22,486	2,712	3,405	6,117	28,603	22,849
Office supplies and communications	3,920	2,040	1,124	7,084	755	919	1,674	8,758	12,062
Postage and shipping	243	6,170	8,804	15,217	273	4,937	5,210	20,427	23,616
Printing and copying	1,601	806	108	2,515	613	4,782	5,395	7,910	10,314
Professional services	169,541	32,983	480	203,004	19,942	5,325	25,267	228,271	299,093
Software and related	11,772	5,210	731	17,713	2,096	2,789	4,885	22,598	18,876
Travel, events and training	4,588	9,591	104	14,283	298	488	786	15,069	18,435
Web hosting services	-	3,779	2,500	6,279	-	277	277	6,556	8,006
<b>Total expenses</b>	<b>\$ 1,401,576</b>	<b>\$ 529,217</b>	<b>\$ 168,398</b>	<b>\$ 2,099,191</b>	<b>\$ 205,411</b>	<b>\$ 239,117</b>	<b>\$ 444,528</b>	<b>\$ 2,543,719</b>	<b>\$ 2,436,980</b>

See accompanying notes.

**Hesperian Health Guides**  
**Statements of Cash Flows**  
**Years ended June 30, 2025 and 2024**

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (756,250)	\$ (326,923)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation	64,327	56,319
Realized and unrealized (gain) on investments	(31,418)	(21,351)
Contributions of short-term investments	12,700	8,030
Noncash portion of operating lease expense	(12,615)	-
Changes in operating assets and liabilities		
Contributions receivable	(155,760)	31,960
Accounts receivable	23,349	28,172
Inventory	79,896	12,959
Deposit and prepaid expenses	1,974	4,750
Accounts payable	27,366	(26,041)
Accrued liabilities	(11,595)	17,036
Deferred revenue	9,028	-
Grants payable	336	8,838
Repayment of lease liability - operating lease	12,615	-
Net cash used by operating activities	(736,047)	(206,251)
Cash flows from investing activities		
Purchase of short-term investments	(300,000)	(450,000)
Proceeds from short-term investments	923,847	615,085
Purchases of property and equipment	(8,370)	(21,981)
Net cash provided for investing activities	615,477	143,104
Net decrease in cash and cash equivalents	(120,570)	(63,147)
Cash and cash equivalents, beginning of year	244,773	307,920
Cash and cash equivalents, end of year	\$ 124,203	\$ 244,773
Noncash transactions from investing and financing activities		
Establishing of operating right-of-use asset	\$ 15,025	\$ -
Establishing of operating lease liability	\$ 15,025	\$ -

See accompanying notes.

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

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 53 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. We completed and released a new book, *Promoting Community Mental Health*, and added new languages and features to our trio of free reproductive health apps. Hesperian is committed to keeping health information up to date and this year released updated medical information in *Where There Is No Doctor*, *Disabled Village Children*, *Helping Children Who Are Deaf*, 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. This year we worked with 138 partners in 27 countries to develop and use health resources. 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, 2025

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 225 volunteers who contributed approximately 3,960 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, 2025

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.

During the year ended June 30, 2025, in-kind contributions recognized in the statement of activities and changes in net assets consisted of \$5,100 for technical support. Contributed services are included in professional services in the statement of functional expenses and are valued at the estimated fair value based on current rates for similar or identical services. Contributed services included no donor restrictions.

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, 2025, Hesperian did not receive any government grants.

Fee for service

Services performed under fee for service arrangements with partner organizations 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.

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

Note 2 – Summary of significant accounting policies (continued)

Fair value measurements

Hesperian uses a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. The hierarchy consist of three broad levels:

Level 1 inputs consist of unadjusted quoted prices for identical assets or liabilities in active markets that Hesperian has the ability to access.

Level 2 inputs consist of quoted prices for identical assets or liabilities in active markets, quoted prices for identical assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3 inputs consist of unobservable inputs that that are significant to the fair value measurement.

The fair value measurement level on an asset or liability within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

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 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. There have been no changes to the methodologies used at June 30, 2025.

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.

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

Note 2 – Summary of significant accounting policies (continued)

Short-term investments

Hesperian records investments at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Money market mutual funds are classified within Level 1 because they are comprised of open-ended mutual funds with readily determinable values. All other investments are reported at cost. Net investment return consists of interest, dividends, realized gains and losses and unrealized appreciation and depreciation, net of custodian and 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, 2025, 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 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, 2025, Hesperian's management concluded that all contributions are fully collectible; accordingly, no allowance for doubtful accounts has been established.

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

Note 2 – Summary of significant accounting policies (continued)

Inventory

Inventory consists of printed materials available for sale at the lower of cost (first-in, first-out basis) or net realizable 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. Hesperian records write-downs for inventories that are deemed obsolete, damaged, or for which the net realizable value is below cost.

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.

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 2022 to 2024 are open for examination by the Internal Revenue Service and years 2021 to 2024 by the California Franchise Tax Board.

**Hesperian Health Guides**  
**Notes to Financial Statements**  
**June 30, 2025**

Note 2 – Summary of significant accounting policies (continued)

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, 2025 were \$20,427.

Advertising costs

Advertising costs are recognized when incurred and include costs for advertising materials and paid social media for the purpose of sharing health information, including free apps and online content. Advertising costs for the year ended June 30, 2025 were \$104,954.

Grants to partners

Grants to partners expenses are recognized in the period the grant is approved provided the grant is not subject to significant future conditions. At June 30, 2025, Hesperian's grant payable totaled \$9,305.

Right-of-use assets and lease liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of use asset is the lease liability adjusted for other lease-related accounts. Management considers the likelihood of exercising renewal or termination clauses (if any) in measuring Hesperian's right-of-use assets and lease liabilities. Lease and non-lease components (if any) are accounted for separately. Operating lease expense is allocated over the remaining lease term on a straight-line basis. See Note 9 for details on Hesperian's operating equipment lease.

Hesperian considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

**Hesperian Health Guides**  
**Notes to Financial Statements**  
**June 30, 2025**

Note 2 – Summary of significant accounting policies (continued)

Allocation of functional expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to the related program or service benefited. Certain expenses are attributable to more than one program or supporting function and are allocated on the basis of time and effort. These include occupancy related expenses (facilities, insurance and office-related costs), depreciation, information technology, human resources and other expenses benefiting multiple functions.

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, 2024, from which the summarized comparative information was derived.

Reclassifications

Hesperian reclassified certain prior year amounts to conform to the current year presentation. Certain prepaid expenses previously netted and included in accounts payable were reclassified to deposits and prepaid expenses. Net assets and changes in net assets are unchanged due to these reclassifications.

Note 3 – Short-term investments

As of June 30, 2025, short-term investments total as follows:

<u>Class and type</u>	<u>Short-term investments</u>	<u>Level 1</u>
Cash and cash equivalents (at cost)	\$ 38,636	\$ -
Money market funds	534,797	534,797
<b>Total</b>	<b>\$ 573,433</b>	<b>\$ 534,797</b>

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

**Note 4 – Property and equipment**

Property and equipment as of June 30, 2025, total as follows:

Building and improvements	\$ 1,445,557
Land	303,000
Furniture and equipment	73,191
Computer software	<u>77,529</u>
Property and equipment, at cost	1,899,277
Accumulated depreciation	<u>(204,093)</u>
Property and equipment, net	<u>\$ 1,695,184</u>

**Note 5 – Contracts with customers**

Revenue from contracts with customers including fee for service arrangements with partner organizations for the year ended June 30, 2025 reconcile as follows:

Fee for service	\$ 12,228
Publication revenue	229,449
Digital revenue	<u>6,279</u>
	<u>\$247,956</u>

Receivables and liabilities from contracts with customers for the year ended June 30, 2025, reconcile as follows:

	Accounts receivable	Deferred revenue
Fee for service	\$ -	\$ 5,428
Publication revenue	23,915	3,600
Digital revenue	<u>-</u>	<u>-</u>
	<u>\$ 23,915</u>	<u>\$ 9,028</u>

**Hesperian Health Guides**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 5 – Contracts with customers (continued)**

The following table provides information about changes in deferred revenue:

	<u>Publication revenue</u>	<u>Fee for service</u>	<u>Total</u>
Deferred revenue, beginning of year	\$ -	\$ -	\$ -
Revenue recognized that was included in deferred revenue at the beginning of year	-	-	-
Increases in deferred revenue due to cash received during the year	<u>3,600</u>	<u>5,428</u>	<u>9,028</u>
Deferred revenue, end of year	<u>\$ 3,600</u>	<u>\$ 5,428</u>	<u>\$ 9,028</u>

**Note 6 – Net assets without donor restrictions**

At June 30, 2025, net assets without donor restrictions total \$2,090,184. 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, 2025 bringing the total value of the property to \$1,632,808 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, 2025

**Note 7 – Net assets with donor restrictions**

As of and during the year ended June 30, 2025, net assets with donor restrictions reconciled as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Releases</u>	<u>Ending</u>
<u>Program Restrictions</u>				
Community Mental Health	\$ -	\$ 25,500	\$ (25,000)	\$ 500
Environmental Health & Justice	1,564	10,500	(11,166)	898
Epilepsy and Seizures	452,204	-	(317,520)	134,684
Gratis Book Program	18,455	16,564	(15,933)	19,086
Healthy Food and Livelihoods Fund	-	23,650	(23,650)	-
Women's Rights & Health	218,403	886,503	(758,396)	346,510
	<hr/>	<hr/>	<hr/>	<hr/>
Total program restricted net assets	690,626	962,717	(1,151,665)	501,678
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Time Restrictions</u>	20,000	-	(20,000)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	<u>\$ 710,626</u>	<u>\$ 962,717</u>	<u>\$ (1,171,665)</u>	<u>\$ 501,678</u>

**Note 8 – 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, 2025, the employer contribution totaled \$13,521. Employer contributions are vested after three years of employment.

**Note 9 - Leases**

On August 30, 2024, Hesperian entered into an operating equipment lease for a printer/copier/scanner. The lease is a five-year lease that expires on September 2029 with no option to extend. The lease requires monthly payments of \$279 including maintenance expense of \$11 a month. Accordingly, Hesperian recorded an initial operating right-of-use asset and a corresponding operating lease liability totaling \$15,025.

Operating lease cost for the year ended June 30, 2025 totaled \$2,410. The lease cost is included in the statement of functional expenses under printing and copying.

**Hesperian Health Guides**  
**Notes to Financial Statements**  
**June 30, 2025**

**Note 9 – Leases (continued)**

The future minimum lease payments under the noncancellable operating lease with a term greater than one year is listed below as of June 30, 2025:

<u>Years ending June 30,</u>	
2026	\$ 3,214
2027	3,214
2028	3,213
2029	3,213
2030	<u>803</u>
Total lease payments	13,657
Less present value discount	(1,042)
Total lease liability	12,615
Less current portion	<u>2,906</u>
Long-term lease liability	<u>\$ 9,709</u>

Under U.S. GAAP, operating lease expense is recognized on a straight-line basis over the remaining lease term. Hesperian had no variable or short-term lease expense during the year ended June 30, 2025.

The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2025 was 3.47%.

As of June 30, 2025, the weighted-average remaining lease term for operating leases was approximately 4.25 years.

**Note 10 – 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, 2025

**Note 10 – Liquidity and availability of financial assets**

Financial assets, at year end:	
Cash and cash equivalents	\$ 124,203
Short-term investments	573,433
Receivables	<u>229,815</u>
	927,451
Less those unavailable for general expenditures within one year, due to:	
Board designated reserve fund	<u>400,000</u>
	400,000
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 527,451</u></u>

As part of its liquidity management, Hesperian invests cash in excess of daily requirements in cash equivalents, including money market funds.

**Note 11 – 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. 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. To date, Hesperian has not experienced losses in any of these accounts. Investment performance is monitored by management and the finance committee of the Board of Directors. Management and the finance committee believe that the investment policies and practices are prudent for the long-term welfare of the organization.

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.

**Hesperian Health Guides**  
Notes to Financial Statements  
June 30, 2025

**Note 11 – Concentrations, credit and market risk (continued)**

During the year ended June 30, 2025, contributions received from three foundations totaled 59% of total support and revenue.

**Note 12 – 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 13 – Inventory write-down**

During the year ended June 30, 2025, Hesperian conducted a one-time evaluation to assess book inventory. In order to reduce warehousing expenses, Hesperian decided to reduce inventory of several titles printed over the past twenty plus years when print runs needed to be very large to keep Hesperian's books affordable for customers. Although the write down of \$91,969 was implemented in August 2025, U.S. GAAP requires it to be recorded at June 30, 2025. It was charged to a nonrecurring expense as noted on the statement of activities.

Management continues to evaluate its inventory practices, implementing shorter print runs made feasible with new printing technologies.

**Note 14 – Subsequent events**

Hesperian evaluated subsequent events for recognition and disclosure through December 17, 2025, the date on which these financial statements were available to be issued. In August 2025, Hesperian removed excess inventory items that were written-down as of June 30, 2025 as noted on Note 13. Management concluded that no other material subsequent events have occurred since June 30, 2025 that required recognition or disclosure in the financial statements.