

VESPER SOCIETY

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

Years Ended December 31, 2010 and 2009

**GHAFFARI ZARAGOZA LLP
CERTIFIED PUBLIC ACCOUNTANTS**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Vesper Society
San Francisco, California

We have audited the accompanying statements of financial position of Vesper Society (the Society) as of December 31, 2010 and 2009, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Vesper Society at December 31, 2010 and 2009 and the changes in its net assets and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Ghaffari Zaragoza LLP

March 8, 2011
Oakland, California

VESPER SOCIETY

Statements of Financial Position at December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|----------------------|----------------------|
| ASSETS | | |
| Current Assets: | | |
| Cash and cash equivalents | \$ 39,031 | \$ 55,493 |
| Investments (Note 3) | 27,153,772 | 24,879,985 |
| Prepaid expenses | 7,303 | 27,439 |
| | <u>27,200,106</u> | <u>24,962,917</u> |
| Loan receivable, net (Note 4) | - | 148,000 |
| Property and equipment (Note 5) | 18,911 | 35,438 |
| Other assets (Note 4) | 3,119 | 37,960 |
| | <u>27,222,136</u> | <u>25,184,315</u> |
| TOTAL ASSETS | <u>\$ 27,222,136</u> | <u>\$ 25,184,315</u> |
| LIABILITIES | | |
| Current Liabilities: | | |
| Accounts payable | \$ 44,204 | \$ 36,869 |
| Accrued vacation liability | 15,575 | 25,576 |
| | <u>59,779</u> | <u>62,445</u> |
| Total Current Liabilities | 59,779 | 62,445 |
| Deferred excise taxes payable (Note 6) | 38,240 | - |
| | <u>98,019</u> | <u>62,445</u> |
| TOTAL LIABILITIES | <u>98,019</u> | <u>62,445</u> |
| NET ASSETS | | |
| Unrestricted | 27,124,117 | 25,121,870 |
| | <u>27,124,117</u> | <u>25,121,870</u> |
| TOTAL NET ASSETS | <u>27,124,117</u> | <u>25,121,870</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u>\$ 27,222,136</u> | <u>\$ 25,184,315</u> |

See Notes to Financial Statements

VESPER SOCIETY

Statements of Activities Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|--|----------------------|----------------------|
| SUPPORT AND REVENUE | | |
| Interest and dividends | \$ 849,470 | \$ 796,223 |
| Net gain from investments | 2,598,412 | 4,256,389 |
| Loss from disposal and write down of assets (Note 4) | (195,514) | - |
| Contributions | - | 1,279 |
| Other income | 430 | 25 |
| | <u>3,252,798</u> | <u>5,053,916</u> |
| EXPENSES | | |
| Program Services: | | |
| Health services | 430,344 | 615,536 |
| Social justice | 271,854 | 416,681 |
| Supporting Services: | | |
| Management & general | 548,353 | 425,059 |
| | <u>1,250,551</u> | <u>1,457,276</u> |
| TOTAL EXPENSES | | |
| | <u>1,250,551</u> | <u>1,457,276</u> |
| Change in net assets - unrestricted | 2,002,247 | 3,596,640 |
| Unrestricted net assets at beginning of year | 25,121,870 | 21,525,230 |
| | <u>27,124,117</u> | <u>25,121,870</u> |
| UNRESTRICTED NET ASSETS AT END OF YEAR | | |
| | <u>\$ 27,124,117</u> | <u>\$ 25,121,870</u> |

See Notes to Financial Statements

VESPER SOCIETY

Statements of Cash Flows
Years Ended December 31, 2010 and 2009

| | 2010 | 2009 |
|--|--------------|--------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 2,002,247 | \$ 3,596,640 |
| Adjustments to reconcile change in net assets to cash from operating activities: | | |
| Depreciation | 15,863 | 17,444 |
| Gain from investments | (2,712,674) | (4,356,942) |
| Loss from disposal of equipment | 1,563 | - |
| Increase in allowance for uncollectible receivables | 193,951 | - |
| (Increase) decrease in operating assets: | | |
| Prepays | 20,136 | 194,759 |
| Other non-current assets | (11,110) | (13,214) |
| Increase (decrease) in operating liabilities: | | |
| Accounts payable and accrued expenses | (2,666) | 5,186 |
| Deferred tax liability | 38,240 | - |
| | (454,450) | (556,127) |
| Net cash used by operating activities | | |
| Cash flows from investing activities: | | |
| Purchase of fixed assets | (899) | (4,385) |
| Purchase of marketable securities | (1,291,039) | (2,069,770) |
| Proceeds from sale of marketable securities | 1,729,926 | 2,634,025 |
| | 437,988 | 559,870 |
| Net cash provided by investing activities | | |
| Net increase (decrease) in cash and cash equivalents | (16,462) | 3,743 |
| Cash and cash equivalents at beginnings of year | 55,493 | 51,750 |
| Cash and cash equivalents at end of year | \$39,031 | \$55,493 |

See Notes to Financial Statements

VESPER SOCIETY

Statement of Functional Expenses Year Ended December 31, 2010

| | <u>Program Services</u> | | <u>Management & General</u> | <u>Common Costs</u> | <u>Total</u> |
|--------------------------------|----------------------------|-----------------------|-------------------------------------|-------------------------|---------------------|
| | <u>Health Services</u> | <u>Social Justice</u> | | | |
| Salaries and benefits (Note 7) | \$ 113,058 | \$ 82,981 | \$ 326,393 | \$ - | \$ 522,432 |
| Legal fees | - | - | 12,710 | - | 12,710 |
| Accounting and audit fees | - | - | 17,297 | - | 17,297 |
| Other professional services | 36,892 | 42,499 | 4,170 | 22,563 | 106,124 |
| Payments to project partners | 196,887 | 86,679 | - | - | 283,566 |
| Repairs and maintenance | - | - | - | 330 | 330 |
| Supplies and printing | - | 399 | 943 | 6,312 | 7,654 |
| Equipment lease and rental | - | - | - | 506 | 506 |
| Software | - | - | - | 388 | 388 |
| Telecommunications | 89 | - | 4,863 | 7,021 | 11,973 |
| Insurance | - | - | 6,124 | 9,405 | 15,529 |
| Postage | - | 296 | 368 | 667 | 1,331 |
| Excise taxes (Note 6) | - | - | 58,981 | - | 58,981 |
| Dues and subscriptions | 175 | 50 | 99 | 3,152 | 3,476 |
| Seminars and training | - | - | 3,810 | 4,153 | 7,963 |
| Professional development | - | - | 760 | - | 760 |
| Travel and transportation | 20 | 9,512 | 30,190 | 318 | 40,040 |
| Meals and entertainment | 1,262 | 4,176 | 7,809 | 1,392 | 14,639 |
| Gifts | - | - | 164 | 982 | 1,146 |
| Accommodations | - | - | 14,084 | 40,175 | 54,259 |
| Bank charges | 164 | 45 | - | 2,216 | 2,425 |
| Depreciation | - | - | - | 15,863 | 15,863 |
| Grants | 44,450 | 20,550 | - | - | 65,000 |
| Other expenses | - | - | 6,159 | - | 6,159 |
| Common cost allocation | 37,347 | 24,667 | 53,429 | (115,443) | - |
| Total | \$ 430,344 | \$ 271,854 | \$ 548,353 | \$ - | \$ 1,250,551 |

See Notes to Financial Statements

VESPER SOCIETY

Statement of Functional Expenses Year Ended December 31, 2009

| | <u>Program Services</u> | | <u>Management & General</u> | <u>Common Costs</u> | <u>Total</u> |
|--------------------------------|----------------------------|-----------------------|-------------------------------------|-------------------------|--------------------|
| | <u>Health Services</u> | <u>Social Justice</u> | | | |
| Salaries and benefits (Note 7) | \$ 103,804 | \$ 121,598 | \$ 295,903 | \$ - | \$ 521,305 |
| Legal fees | - | - | 3,269 | - | 3,269 |
| Accounting and audit fees | - | - | 15,852 | - | 15,852 |
| Other professional services | 46,003 | 56,799 | 5,150 | 21,264 | 129,216 |
| Payments to project partners | 387,702 | 140,534 | - | - | 528,236 |
| Repairs and maintenance | - | - | - | 271 | 271 |
| Supplies and printing | 242 | 3,182 | 1,255 | 6,936 | 11,615 |
| Equipment lease and rental | - | - | - | 1,119 | 1,119 |
| Software | - | - | - | 1,214 | 1,214 |
| Telecommunications | - | 414 | 4,168 | 9,907 | 14,489 |
| Insurance | - | - | 7,522 | 10,025 | 17,547 |
| Postage | 313 | 303 | 254 | 1,100 | 1,970 |
| Excise taxes (Note 6) | - | - | 7,198 | - | 7,198 |
| Dues and subscriptions | 12 | 37 | - | 4,114 | 4,163 |
| Seminars and training | - | 1,849 | 4,562 | 6,221 | 12,632 |
| Professional development | - | - | 1,940 | - | 1,940 |
| Travel and transportation | 11,283 | 26,851 | 20,206 | 128 | 58,468 |
| Meals and entertainment | 335 | 618 | 7,624 | 1,929 | 10,506 |
| Gifts | - | - | - | 1,100 | 1,100 |
| Accommodations | - | - | 11,321 | 43,193 | 54,514 |
| Bank charges | 75 | 105 | - | 2,389 | 2,569 |
| Depreciation | - | - | - | 17,444 | 17,444 |
| Grants | 10,500 | 28,538 | - | - | 39,038 |
| Other expenses | 207 | - | 1,394 | - | 1,601 |
| Common cost allocation | 55,060 | 35,853 | 37,441 | (128,354) | - |
| Total | \$ 615,536 | \$ 416,681 | \$ 425,059 | \$ - | \$1,457,276 |

See Notes to Financial Statements

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Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 1 - Organization

Vesper Society (the Society) is a California not-for-profit corporation located in San Francisco, California. The mission of the Society is to promote social justice locally and globally by addressing critical social issues including the provision of health services for the underserved. The purposes of the Society are:

- 1) To provide care, treatment, diagnosis, hospitalization and other health services to injured, afflicted, sick, infirm and aged persons and
- 2) To promote social justice by assisting individuals and organizations to address social and ethical issues from a faith-based moral and ethical perspective and by encouraging the laity to work from such a perspective, particularly for the benefit of the underserved.

The Society invests funds received from the sale of two hospitals. Substantial revenue is generated from these investments, which subjects the Society's income to market forces. The Attorney General of the State of California has required the Society, effective January 1, 2003, to spend at least 60% of its annual program expenditures, excluding expenses generated by grants, gifts and other donations received after January 1, 2003, for the provision of care, treatment, diagnosis, hospitalization and other health services to injured, afflicted, sick, infirm and aged persons. Compliance with this requirement is determined on the basis of a three-year rolling average starting January 1, 2003. Management believes that the Society is in compliance with this requirement.

Program activities of the Society included:

Provision of Health Services to the Underserved

HIV/AIDS – The Society is providing support in the Eastern Cape of rural South Africa to a community model for the treatment of persons with HIV/AIDS, including assisting patients with doctor visits, laboratory tests, the supplying of anti-retroviral drugs, and case management.

Adolescent Mental Health – The Society developed and is implementing a program within existing local clinics in Hayward, California, to assist high school students in overcoming health-related obstacles that prevent their success in a regular school setting,

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Notes to Financial Statements
Years Ended December 31, 2010 and 2009

and to meet the physical and mental health needs of other adolescents in the community who lack resources to meet their needs.

Social Justice

Local Economic Development – The Society is working with SaveAct Trust to develop and embed sustainable local economic development activities that build on the resources and capabilities of poor and vulnerable in South Africa’s Eastern Cape Province. Through a complementary set of economic and social interventions, Savings and Credit Group (SCG) promotion, and life skills and enterprise training tailored to local conditions, the project’s ultimate goal is to reduce poverty and social exclusion of communities and vulnerable groups (e.g. women, people affected of infected by HIV/AIDS and/or chronic illness).

Youth Empowerment – The Society is working with the City of Oakley, CA, to continue the development and implementation of activities for youth and families living in the City of Oakley in order to support youth in gaining a sense of competence, values, belonging, and worth. The City of Oakley, in collaboration with Vesper Society, developed a strategy to apply both throughout the City’s departments and programs.

Convenings – The Society advances the understanding, discussion, cultivation of the beliefs, values and societal issues that are consonant with heart and history of our Society by indentifying, nurturing and maintaining a network of friends of Vesper and inviting them to accompany us as we further the ideas and projects of the Society. In collaboration with the California Lutheran University, in Thousand Oaks, CA, the Society co-sponsored a conference titled “In Search of the Virtuous Economy” with the Globalization for the Common Good project.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant policies applied in the preparation of the accompanying financial statements follows:

- a) Basis of Accounting – The financial statements of the Society have been prepared using the accrual basis of accounting whereby income and gains are recognized when earned and expenses and losses when incurred.

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Notes to Financial Statements Years Ended December 31, 2010 and 2009

- b) Cash and Cash Equivalents – For purposes of the statement of cash flows, the Society considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.
- c) Investments - Investments in marketable securities are reported at their published market value. Investment income, realized and unrealized gains and losses are reported as increases or decreases in unrestricted net assets unless a donor temporarily or permanently restricts their use.

The Society's investment in Vesper Service Network, Inc., a Wisconsin for-profit corporation, which represents 20% of the corporation's common stock, is accounted for using the equity method.

- d) Property and Equipment – Acquisitions of equipment with a cost or fair value of \$500 or more and significant leasehold improvements are recorded as fixed assets. Property and equipment are stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation is provided over the estimated useful lives of the assets, primarily three to seven years, using straight-line method of depreciation.
- e) Income Tax Status – The Society is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code (the Code) and Section 23701(d) of the State Revenue and Taxation Code as a “private Operating Foundation”, whereby its net investment income is subject to excise taxes.

In accordance with the applicable provisions of the Code, the Society is subject to an excise tax of 2% (1% if minimum payout requirements prescribed by the Code are met) on its net investment income, excluding unrealized gains. In addition, the Code requires that certain minimum distributions be made in accordance with a specified formula. The Society estimates and records its excise taxes to include a provision for deferred taxes resulted by unrealized gains and losses on its investments.

- f) Basis of Presentation – Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Society and changes therein are classified as unrestricted net assets which represent net assets that are not subject to donor-imposed stipulations.

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Notes to Financial Statements Years Ended December 31, 2010 and 2009

- g) Accounting for Restricted Support – The Society reports gifts of cash and other assets as restricted support if they are received with donor stipulation that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.
- h) Allocation of Expenses – Common costs are allocated among program and supporting activities based on the total direct expenses of each activity. Salaries and related expenses are allocated to program and supporting activities based on management’s estimate of the level of staff effort in each activity.
- i) Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant accounting estimates reflected in the Society’s financial statements include the valuation of investments and notes receivable, and the functional allocation of expenses. Actual results could differ from those estimates.

Note 3 – Investments

The investments of the Society consisted of the following:

| | <u>December 31, 2010</u> | <u>December 31, 2009</u> |
|---|--------------------------|--------------------------|
| Money market funds | \$ 50,448 | \$ 44,801 |
| Fixed income | 12,199 | 14,502 |
| Bond funds | 6,880,088 | 6,983,625 |
| Equity funds | 20,206,937 | 17,832,957 |
| Equities | 4,100 | 4,100 |
| Interest in privately held corporation (Note 4) | <u>0</u> | <u>0</u> |
| Total investments | \$ <u>27,153,772</u> | \$ <u>24,879,985</u> |

VESPER SOCIETY

Notes to Financial Statements Years Ended December 31, 2010 and 2009

The components of total investment return by net assets classification are reflected below:

| | 2010 | 2009 |
|--------------------------|---------------------|---------------------|
| | <u>Unrestricted</u> | <u>Unrestricted</u> |
| Interest and dividends | \$849,470 | \$783,010 |
| Realized gains | 275,215 | 64,600 |
| Unrealized gains | <u>2,437,459</u> | <u>4,292,342</u> |
| Total investments return | <u>\$3,562,144</u> | <u>\$5,139,952</u> |

Investment expenses, which primarily consist of custodial and management fees, were \$114,262 and \$100,553 during the years ended December 31, 2010 and 2009, respectively. These expenses are netted against investment gains and losses on the statement of activities.

Note 4 – Investment in Vesper Service Network, Inc. (VSN)

On May 1, 2006, the Society invested in VSN a Wisconsin for-profit corporation. The Society acquired 2,000 shares of stock in the corporation at \$1 per share. An individual shareholder owns the remaining 80% of the stock. The Board of Directors of VSN consists of five people, 3 appointed by the majority shareholder and 2 appointed by the Society. The corporation's stock is not traded in a public market and therefore the market value is not readily determinable. The Society accounts for its investment in the for-profit entity under the equity method. Total investment balance at December 31, 2010 and 2009 was \$0 and \$2,000, respectively.

The Society also signed an unsecured promissory note that allowed VSN to borrow \$148,000 at an interest rate of 7.5% per annum. Principal and interest on the outstanding balance was to be paid annually starting March 1, 2009 in equal installments of \$21,563 until fully paid. No principal or interest payments were made as of December 31, 2010. The outstanding balance of this note at December 31, 2010 and 2009 was \$148,000 and \$148,000, respectively. The accrued interest on the outstanding balance at December 31, 2010 and 2009 was \$45,950 and \$34,841, respectively. While Management is hopeful the loan and the accrued interest will be repaid, due to continuing losses by VSN, Management of the Society has recorded an allowance against the entire receivable (principal and accrued interest) in the amount of \$193,951 as of December 31, 2010.

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Notes to Financial Statements Years Ended December 31, 2010 and 2009

Additionally, the Society signed a license agreement with VSN for the right to use the name “Vesper” and to use Vesper’s logo. The Society will receive annual royalties as a result of the agreement. The parties have agreed that the amount of the royalty will be reviewed and determined on an annual basis. The Society did not receive any royalties during the years ended December 31, 2010 or 2009 as the VSN reported an operating loss in both years. The financial information of VSN at December 31, 2010 and 2009 and for the years then ended is summarized below:

| | <u>December 31, 2010</u> | <u>December 31, 2009</u> |
|--------------------------------|--------------------------|--------------------------|
| Current assets | \$59,421 | \$53,571 |
| Noncurrent assets | 5,850 | 10,550 |
| Current liabilities | (42,575) | (46,054) |
| Long term liabilities | <u>(193,941)</u> | <u>(148,000)</u> |
| Equity | <u>\$(171,245)</u> | <u>\$(129,933)</u> |
| Revenues, net of cost of sales | \$114,826 | \$90,590 |
| Operating expenses | <u>(121,298)</u> | <u>(107,612)</u> |
| Net loss | <u>\$(6,472)</u> | <u>\$(17,022)</u> |

Note 5 - Property and Equipment

Property and equipment consisted of:

| | <u>December 31, 2010</u> | <u>December 31, 2009</u> |
|--------------------------|--------------------------|--------------------------|
| Equipment | \$60,154 | \$66,574 |
| Leasehold improvements | <u>29,952</u> | <u>29,952</u> |
| | \$90,106 | \$96,526 |
| Accumulated depreciation | <u>(71,195)</u> | <u>(61,088)</u> |
| | <u>\$18,911</u> | <u>\$35,438</u> |

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Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 6 – Deferred Tax Liability

Excise tax expense differs from amounts currently payable because certain investment income is included in the statement of activities in periods that differ from those in which it is subject to taxation. The difference between tax expense and taxes currently payable is reflected as deferred tax liability on the statement of financial position. Deferred taxes payable at December 31, 2010 and 2009 were \$38,240 and \$0, respectively.

The Society was subject to a 2% excise tax for the year ended December 31, 2010 and a 1% excise tax for the years ended December 31, 2009. The provisions for excise taxes were as follows:

| | <u>December 31, 2010</u> | <u>December 31, 2009</u> |
|----------------------|--------------------------|--------------------------|
| Federal excise taxes | | |
| Current provision | \$ 20,741 | \$ 7,198 |
| Deferred provision | 38,240 | 0 |
| Excise taxes payable | 2,957 | 0 |
| Prepaid taxes | 0 | 17,784 |

Note 7 - Pension Plan

The Society provides a defined contribution plan to all employees who normally work more than 20 hours per week, after completion of six months of employment. The Society makes annual contributions to this plan equal to a certain percentage of each employee's compensation up to a ceiling that is adjusted in accordance with Internal Revenue Service determined amounts each year. Total contributions to this plan during the years ended December 31, 2010 and 2009 were \$27,823 and \$29,511, respectively.

Note 8 - Operating Leases

The Society has a commitment under an operating lease for its office space expiring on October 31, 2011. Future rental payments on the unexpired part of the above lease at December 31, 2010 is \$31,188 which is payable during the year ending December 31, 2011. Rent expense was \$40,175 and \$42,530 during the years ended December 31, 2010 and 2009, respectively.

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Notes to Financial Statements
Years Ended December 31, 2010 and 2009

Note 9 – Fair Value Measurements

Financial assets valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Fair value of the Society’s interest in a privately held corporation (level 3) is determined using the equity method. Fair value of assets measured on a recurring basis at are as follows:

| | Quoted Prices In Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | Fair Value |
|--|---|---|--|---------------------|
| <u>At December 31, 2010</u> | | | | |
| Trading securities | \$27,141,573 | \$ 12,199 | \$0 | \$27,153,772 |
| Interest in privately held corporation | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$27,141,573</u> | <u>\$12,199</u> | <u>\$0</u> | <u>\$27,153,772</u> |
| <u>At December 31, 2009</u> | | | | |
| Trading securities | \$24,865,483 | \$ 14,502 | \$0 | \$24,879,985 |
| Interest in privately held corporation | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$24,865,483</u> | <u>\$14,502</u> | <u>\$0</u> | <u>\$24,879,985</u> |

The following table sets forth the detailed changes in fair value for the organization’s Level 3 investments:

| | <u>2010</u> | <u>2009</u> |
|---|-------------|-------------|
| Beginning Balance | \$0 | \$2,000 |
| Total gains or losses (realized/unrealized) | 0 | (2,000) |
| Purchases, issuance, and settlements | 0 | 0 |
| Transfers in and/or out of level 3 | <u>0</u> | <u>0</u> |
| Ending Balance | <u>\$0</u> | <u>\$0</u> |

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Notes to Financial Statements
Years Ended December 31, 2010 and 2009

| | <u>2010</u> | <u>2009</u> |
|---|-------------|----------------|
| Total amount of losses included in unrestricted net assets Attributable to the change in unrealized gains or losses relating To assets still held at the reporting date | <u>\$0</u> | <u>\$2,000</u> |

Note 10 – Subsequent Events

The Society has evaluated subsequent events through March 8, 2011, the date which the financial statements were available to be issued.