

Audited Financial Statements



December 31, 2024 and 2023

Quigley & Miron

Suite 1755
3580 Wilshire Boulevard
Los Angeles, California 90010

Telephone: (213) 639-3550
Facsimile: (213) 639-3555

Suite 700
1999 South Bascom Avenue
Campbell, California 95008

Telephone: (408) 869-6108
Facsimile: (213) 639-3555

Independent Auditor's Report

Board of Directors
Vesper Society
San Francisco, California

Opinion

We have audited the accompanying financial statements of Vesper Society, which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years 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 Vesper Society as of December 31, 2024 and 2023, and the changes in its net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Vesper Society and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Vesper Society's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Vesper Society’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Vesper Society’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

A handwritten signature in black ink that reads "Zugley & Miron". The signature is written in a cursive, flowing style.

Campbell, California
March 15, 2025

Vesper Society
Statements of Financial Position
December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Assets		
Current assets		
Cash	\$ 80,015	\$ 152,100
Investments—Note 3	28,330,123	29,086,130
Advances to project partners—Note 4	2,540,635	2,246,256
Accrued rent receivable	-	2,643
Pledges receivable	-	1,100
Prepaid expenses	6,674	15,045
	<u>30,957,447</u>	<u>31,503,274</u>
	Total Current Assets	
Noncurrent assets		
Deposits	13,007	9,887
Operating lease right-of-use asset—Note 8	325,061	67,029
Financing lease right-of-use asset—Note 8	9,244	-
	<u>347,312</u>	<u>76,916</u>
	Total Noncurrent Assets	
	<u>\$ 31,304,759</u>	<u>\$ 31,580,190</u>
	Total Assets	
Liabilities and Net Assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 66,597	\$ 76,031
Accrued vacation	36,680	36,385
Deferred revenue	-	2,700
Operating lease liability, current—Note 8	58,387	77,601
Financing lease liability, current—Note 8	1,817	-
	<u>163,481</u>	<u>192,717</u>
	Total Current Liabilities	
Noncurrent liabilities		
Deferred excise taxes—Note 5	31,303	22,570
Security deposits	-	2,371
Operating lease liability—Note 8	282,576	-
Financing lease liability—Note 8	7,471	-
	<u>321,350</u>	<u>24,941</u>
	Total Noncurrent Liabilities	
	<u>484,831</u>	<u>217,658</u>
	Total Liabilities	
Net Assets		
Without donor restrictions		
Undesignated	30,761,170	31,303,674
Board-designated—Note 7	58,758	58,858
	<u>30,819,928</u>	<u>31,362,532</u>
	Total Net Assets without Donor Restrictions	
	<u>\$ 31,304,759</u>	<u>\$ 31,580,190</u>
	Total Liabilities and Net Assets	

See notes to financial statements.

Vesper Society
Statements of Activities
Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Net Assets Without Donor Restrictions		
Operating Activities		
Support, gains, and revenue		
Realized gains on investments	\$ 795,672	\$ 396,658
Unrealized gains (losses) on investments	628,230	2,963,596
Less investment management fees	(133,154)	(128,601)
	<u>1,290,748</u>	<u>3,231,653</u>
Investment Return, Net		
Interest and dividends	1,209,897	705,799
	<u>2,500,645</u>	<u>3,937,452</u>
Total Return on Investments		
Contributions	1,900	4,075
Other income	1,580	4,480
	<u>2,504,125</u>	<u>3,946,007</u>
Total Support, Gains, and Revenue		
Expenses		
Program services		
Health Services to the Underserved	1,902,290	1,301,203
Youth Services	162,636	164,011
Service in the World	129,967	107,722
Partner Capacity Building	504,112	725,963
	<u>2,699,005</u>	<u>2,298,899</u>
Total Program Services		
Supporting services		
Administrative	313,329	355,709
	<u>313,329</u>	<u>355,709</u>
Total Supporting Services		
Total Expenses	<u>3,012,334</u>	<u>2,654,608</u>
Change in Net Assets from Operations	<u>(508,209)</u>	<u>1,291,399</u>
Nonoperating Activities		
Excise taxes—Note 5	(34,395)	(54,387)
	<u>(542,604)</u>	<u>1,237,012</u>
Change in Net Assets		
Net Assets at Beginning of Year	<u>31,362,532</u>	<u>30,125,520</u>
Net Assets at End of Year	<u>\$ 30,819,928</u>	<u>\$ 31,362,532</u>

See notes to financial statements.

Vesper Society
Statement of Functional Expenses
Year Ended December 31, 2024

	Program Services				Supporting Services			Total
	Health Equity	Youth Empowerment	Service in the World	Partner Capacity Building	Total Program Services	Administrative	Common Cost	
Personnel Expenses								
Salaries	\$ 79,511	\$ 9,409	\$ 22,696	\$ 65,219	\$ 176,835	\$ 73,531	\$ 12,775	\$ 263,141
Payroll taxes	5,136	614	1,535	4,131	11,416	5,338	630	17,384
Employee benefits	9,851	1,050	2,911	8,238	22,050	8,672	1,275	31,997
Total Personnel Expenses	94,498	11,073	27,142	77,588	210,301	87,541	14,680	312,522
Grants to project partners	1,753,658	144,719	76,957	365,286	2,340,620	-	-	2,340,620
Professional fees	-	-	-	6,000	6,000	148,670	7,288	161,958
Office lease expense	-	-	-	-	-	-	98,419	98,419
Travel	2,306	1,131	-	2,943	6,380	21,337	129	27,846
Grants	3,513	-	12,000	11,033	26,546	-	-	26,546
Supplies	16	-	-	23	39	631	14,183	14,853
Insurance	-	-	-	-	-	2,415	6,693	9,108
Meetings	-	-	88	1,640	1,728	4,595	12	6,335
Dues, subscriptions, and reference materials	-	-	-	-	-	2,043	2,756	4,799
Telecommunications	-	-	-	-	-	351	3,547	3,898
Printing	-	-	-	-	-	-	2,560	2,560
Postage, shipping, and delivery	22	-	-	-	22	14	1,166	1,202
Bank and other fees	-	-	-	-	-	578	-	578
Equipment lease and rental	-	-	-	-	-	-	487	487
Staff development	-	-	-	-	-	283	-	283
Transportation and parking	-	-	-	-	-	226	-	226
Interest expense	-	-	-	-	-	-	94	94
Common cost	48,277	5,713	13,780	39,599	107,369	44,645	(152,014)	-
Total Expenses	\$ 1,902,290	\$ 162,636	\$ 129,967	\$ 504,112	\$ 2,699,005	\$ 313,329	\$ -	\$ 3,012,334

See notes to financial statements.

Vesper Society
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services			Total
	Health Equity	Youth Empowerment	Service in the World	Partner Capacity Building	Total Program Services	Administrative	Common Cost	
Personnel Expenses								
Salaries	\$ 76,334	\$ 16,265	\$ 22,367	\$ 60,935	\$ 175,901	\$ 88,455	\$ 17,160	\$ 281,516
Payroll taxes	5,300	1,127	1,586	4,359	12,372	5,910	1,674	19,956
Employee benefits	10,050	2,225	2,950	8,041	23,266	11,731	2,638	37,635
Total Personnel Expenses	91,684	19,617	26,903	73,335	211,539	106,096	21,472	339,107
Grants to project partners	1,157,041	132,881	57,328	598,075	1,945,325	-	-	1,945,325
Professional fees	-	-	-	-	-	163,168	2,906	166,074
Office lease expense	-	-	-	-	-	-	89,649	89,649
Travel	6,159	1,223	2,234	3,830	13,446	7,733	27	21,206
Grants	7,000	2,000	9,000	17,000	35,000	-	-	35,000
Supplies	120	20	-	27	167	645	2,631	3,443
Insurance	-	-	-	-	-	2,371	6,206	8,577
Meetings	547	-	931	2,341	3,819	24,832	-	28,651
Dues, subscriptions, and reference materials	-	-	-	500	500	3,555	4,037	8,092
Telecommunications	-	-	-	-	-	-	3,419	3,419
Printing	-	-	-	-	-	427	1,192	1,619
Postage, shipping, and delivery	-	34	-	-	34	-	96	130
Bank and other fees	-	-	-	-	-	540	-	540
Equipment lease and rental	-	-	-	-	-	-	2,223	2,223
Staff development	-	-	-	-	-	1,104	-	1,104
Transportation and parking	-	-	-	-	-	37	-	37
Common cost	38,652	8,236	11,326	30,855	89,069	44,789	(133,858)	-
Board development	-	-	-	-	-	412	-	412
Total Expenses	\$ 1,301,203	\$ 164,011	\$ 107,722	\$ 725,963	\$ 2,298,899	\$ 355,709	\$ -	\$ 2,654,608

See notes to financial statements.

Vesper Society
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ (542,604)	\$ 1,237,012
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Non cash lease expenses	92,654	99,023
Net realized and unrealized gain on investments	(1,423,901)	(3,360,254)
Deferred excise taxes	8,732	22,570
Changes in operating assets:		
Deposits	(3,120)	-
Prepaid expenses	5,342	5,389
Pledges receivables	1,100	(1,100)
Accrued rent receivable	2,643	3,245
Advances to project partners	(294,379)	(609,676)
Deferred tax asset	-	18,624
Changes in operating liabilities:		
Accrued vacation	295	(1,900)
Security deposit	(2,371)	-
Accounts payable and accrued expenses	(6,404)	37,073
Deferred revenue	(2,700)	80
Operating lease liability	(86,838)	(112,001)
Net Cash Used in Operating Activities	(2,251,551)	(2,661,915)
Cash Flows from Investing Activities		
Purchases of investments	(2,153,804)	(1,663,079)
Proceeds from sale of investments	4,333,712	4,402,359
Net Cash Provided by Investing Activities	2,179,908	2,739,280
Cash Flows from Financing Activities		
Principal payments on finance lease obligation	(442)	-
Net Cash Used in Financing Activities	(442)	-
Increase (Decrease) in Cash	(72,085)	77,365
Cash at Beginning of Year	152,100	74,735
Cash at End of Year	\$ 80,015	\$ 152,100
Supplementary Disclosures		
Excise taxes paid	\$ 12,662	\$ 4,158
Interest paid	\$ -	\$ -

See notes to financial statements.

Vesper Society
Notes to Financial Statements
December 31, 2024 and 2023

Note 1—Organization and Summary of Significant Accounting Policies

Organization—Vesper Society is a California not-for-profit corporation located in San Francisco, California. Vesper Society's mission 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 Vesper Society are:

1. To provide care, treatment, diagnosis, hospitalization, and other health services to injured, afflicted, sick, infirmed, and aged persons.
2. To assist individuals and organizations to address social and ethical issues from a faith-based moral and ethical perspective for the benefit of the underserved.

Vesper Society has invested funds received from the sale of two hospitals. Substantial revenue is generated from these investments, which subjects the organization's income to market forces. The Attorney General of the State of California has required Vesper Society 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. Management believes that Vesper Society is in compliance with this requirement.

Program activities of Vesper Society include:

Direct Health Services for the Underserved with clinic partners in:

San Francisco Bay Area (Asian Health Services, Clinic by the Bay, HealthRIGHT360, Street Level Health Project, La Clinica de la Raza, Marin City Health and Wellness Center, West Oakland Health Center – Baywell Health); Humboldt County (K'ima:w Medical Center, Open Door Community Health Centers, United Indian Health Services); Central Valley (Camarena Health, Clinica Sierra Vista). These direct health services include behavioral health, telehealth, dental services, medical equipment, new clinic facilities, optometry, maternal health services, pharmacy services, psychology residency, and mobile medical vans.

Social Determinants of Health for the Underserved with partners in:

Humboldt County (First 5 Humboldt, Cal Poly Humboldt, Nature Rights Council, Two Feathers Native American Family Services, Hupa Immersion Nest); Imperial County (IVROP), Central Valley (California School-based Health Alliance). These include building resilience in children and families, promoting wellness through sustainable health food, reclaiming Indigenous cultural practices, creating an environment where youth can thrive by developing strong relationships to access new career pathways, and promoting school-based health clinics.

Social Justice Ministries for the Underserved with partners at California Lutheran University, Pacific Lutheran Theological Seminary, and Los Angeles United Methodist Urban Foundation. These include introducing Indigenous perspectives to theology and supporting college and career access for underserved youth.

Financial Statement Presentation—The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Vesper Society's net assets are classified based on the existence or absence of donor-imposed restrictions. As such, the net assets of Vesper Society and changes therein are presented and reported as follows:

Net assets without donor restrictions—Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in performing the primary objectives of Vesper Society. These net assets may be used at the discretion of Vesper Society's management and the board of directors.

Vesper Society
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Net assets with donor restrictions—Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; such restrictions that may or will be met either by actions of Vesper Society and/or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. Generally, the donors of such assets permit Vesper Society to use all or part of the income earned on related investments for general or specific purposes. There were no net assets with donor restrictions as of December 31, 2024 and 2023.

Donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a time restriction expires or a purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The board of directors (Board) may designate a portion of the net assets without donor restrictions for a specific use or purpose. Such amounts are not available for other uses without the approval of the Board. It is the practice of the Board and members to donate funds on an annual or more frequent basis into the Board-designated fund. These amounts, as well as other contributions received without donor-stipulated restrictions, are classified as net assets without donor restrictions on the statement of financial position. The President has the discretion to utilize the Board-designated funds in discussion with the Program Committee and the Board.

Recently Adopted Accounting Principle—In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards (ASU) No. 2016-13, *Financial Instruments—Credit Losses (Topic 326)*, which requires organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable supportable forecasts. This standard replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The new guidance affects organizations that hold financial assets and net investments in leases that are not accounted for at fair value with changes in fair value reported in net income, including loans, debt securities, trade receivables, net investments in leases, off-balance-sheet credit exposures, reinsurance receivables, and any other financial assets not excluded from the scope that have the contractual right to receive cash. Vesper Society adopted ASU No. 2016-13 on a retrospective basis for the year ended December 31, 2024 with no resulting impact on the financial statement presentation.

Measure of Operations—The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of Vesper Society's grantmaking activities and resources that generate return from investments. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature; Vesper Society did not engage in any reportable nonoperating activities during the years ended December 31, 2024 and 2023.

Income Taxes—Vesper Society is a nonprofit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (Code). Accordingly, no provision for income taxes is included in the financial statements. As a private foundation, in accordance with applicable provisions of the Code, Vesper Society is subject to federal excise tax of 1.39% on its net investment income, excluding unrealized gains and losses. In addition, certain minimum distributions are required by the Code to be made in accordance with a specified formula. Vesper Society estimates and records its excise taxes to include a provision for deferred taxes on net unrealized gains and losses on its investments.

Accounting standards require an organization to evaluate its tax positions and provide for a liability for any positions that would not be considered "more likely than not" to be upheld under a tax authority examination. Management has evaluated its tax positions and has concluded that a provision for a tax liability is not necessary at December 31, 2024 and 2023. Generally, Vesper Society's information returns remain open for inspection for a period of three years (federal) or four years (state of California).

Vesper Society
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

Investments—Investments in marketable debt and equity securities are stated at fair value based on their published market value. Investment income and realized and unrealized gains and losses are reported as increases or decreases in net assets without donor restriction unless otherwise restricted by a donor. Purchases and sales of securities are recorded on a trade-date basis. Vesper Society's investment securities are exposed to various risks such as interest rate, market and credit risk. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the statements of financial position.

Advances to Project Partners—Vesper Society seeks project partners with whom to collaborate in conducting various projects that are in line with its mission and help accomplish its programmatic objectives. Payments to project partners are recorded as expenses when programmatic objectives have been met and/or tasks enumerated in the memorandum of understanding with the partner have been completed. Any funding provided but not expended before the end of the year is recorded as an advance to project partner in the statement of financial position. Since Vesper Society receives a benefit and establishes specific deliverables from the participating partners, these activities are recorded as exchange transactions (see Note 4).

Contributions and Pledges Receivable—Contributions and pledges receivable are reported as net assets without donor restrictions unless otherwise restricted by the donor. Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the barrier for which they depend is achieved and the right of release has been overcome. Contributions and pledges receivable that are promised in one year but are not expected to be collected until after the end of that year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of any such discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for receivables credit loss, if applicable, is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and current aging of receivables. As of December 31, 2024 and 2023, there was no allowance for receivables credit loss.

Property and Equipment—Significant leasehold improvements and acquisitions of property and equipment with a cost or fair value of \$2,500 or more are capitalized. Property and equipment are stated at cost at the date of acquisition or, in the case of contributions, at the estimated fair market value at the date of donation. Depreciation is calculated using the straight-line method over the estimated useful life of the related asset, primarily three to seven years. Leasehold improvements are amortized using the straight-line method over the remaining life of the lease or the estimated useful life of the improvement, whichever is shorter.

Concentration of Credit Risk—Financial instruments which potentially subject Vesper Society to concentrations of credit risk consist of cash, investments in securities and receivables.

Vesper Society places its cash with high credit quality financial institutions where the funds are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Such cash balances are normally not in excess of FDIC insurance limits. Cash held in investment accounts at investment custodians is insured by the Securities Investors Protection Corporation (SIPC) up to \$250,000 and the investments in securities are insured up to \$500,000, per institution. SIPC insurance protects the custody function of the investment custodian; it does not provide protection against fluctuations in market value. At times, such balances may exceed SIPC insurance limits during the normal course of business.

Vesper Society
Notes to Financial Statements—Continued

Note 1—Organization and Summary of Significant Accounting Policies—Continued

While Vesper Society is subject to credit risk to the extent any financial institution with which it conducts business is unable to fulfill contractual obligations on its behalf, Vesper Society’s management has assessed the credit risk associated with its cash deposits and investments at December 31, 2024 and 2023 and believes it is not exposed to any significant credit risk with its cash and investments.

Pledges receivable consist of balances from individuals, local foundations and corporations. Vesper Society has determined that no allowance for potential credit losses due to uncollectible receivables was necessary at December 31, 2024 and 2023.

Interest and dividends—Interest and dividend income earned on investments is recognized when received and is reported as interest and dividends under operating activities in the statement of activities.

Functional Expenses—Common costs, primarily related to the operation and maintenance of an office facility, are pooled in a cost center and allocated among the programs or supporting activities benefited. The basis for the allocation was direct salaries for the years ended December 31, 2024 and 2023. Salaries and related expenses are allocated to program and supporting activities based on time spent on each activity and reported by staff. All other expenses are charged directly to the program or supporting activity benefited.

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 that 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 revenues and expenses during the reporting period. Actual results may differ from those estimates.

Note 2—Availability and Liquidity

Vesper Society regularly monitors liquidity required to meet its operating needs and its commitments to its partners, while also striving to maximize the investment of its available funds. Vesper Society has various sources of liquidity sources, including cash and cash equivalents, and marketable debt and equity securities.

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, Vesper Society considers all expenditures related to its ongoing program and supporting activities. Based on this analysis, Vesper Society sets the amount to draw from its investments as a part of its annual budget process. Vesper Society monitors the cash need monthly and adjusts the need to draw funds from its investments based on payments due to its partners and general operating expenses.

Vesper Society’s financial assets available for general expenditure within one year of the statements of financial position for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Cash	\$ 80,015	\$ 152,100
Investments	28,330,123	29,086,130
Pledges receivable	-	1,100
Current Availability of Financial Assets	<u>\$ 28,410,138</u>	<u>\$ 29,239,330</u>

Vesper Society
Notes to Financial Statements—Continued

Note 3—Investments and Fair Value Measurements

In determining the fair value of investments, Vesper Society utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Vesper Society determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are characterized in one of the following levels:

Level 1—Quoted market prices in active markets for identical assets or liabilities. Level 1 assets include equity securities and mutual funds valued at the closing price reported on the active market on which the individual securities are traded.

Level 2—Observable market-based inputs, either directly or indirectly, but are other than quoted prices in actively traded markets. Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and other observable inputs that can be corroborated by observable market data.

Level 3—Unobservable inputs that are supported by little or no market activity which are significant to the fair value of the asset or liability. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

At December 31, 2024 and 2023, investments consisted of marketable securities, totaling \$28,330,123 and \$29,086,130, respectively, which are considered to have Level 1 inputs.

Market value of investments consist of the following at December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Equity funds	\$ 20,005,995	\$ 20,861,940
Bond funds	8,269,631	8,177,425
Money market funds	54,497	46,765
Totals	<u>\$ 28,330,123</u>	<u>\$ 29,086,130</u>

The following schedule summarizes the investment return for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Realized gain on investments	\$ 795,672	\$ 396,658
Unrealized gain (loss) on investments	628,230	2,963,596
Less investment management fees	(133,154)	(128,601)
Investment Return, Net	<u>1,290,748</u>	<u>3,231,653</u>
Interest income	1,209,897	705,799
Total Return on Investments	<u>\$ 2,500,645</u>	<u>\$ 3,937,452</u>

Note 4—Advances to Project Partners

At December 31, 2024 and 2023, Vesper Society had unfulfilled advances to its project partners of \$2,540,635 and \$2,246,256, respectively. These commitments will be fulfilled once project partners meet certain thresholds in accordance with their memoranda of understanding with Vesper Society.

Vesper Society
Notes to Financial Statements—Continued

Note 5—Excise Taxes

Excise tax expense differs from amounts currently payable because certain investment income is included in the statements 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 a deferred excise tax liability on the statements of financial position. Vesper Society was subject to a 1.39% excise tax for the years ended December 31, 2024 and 2023. Deferred excise tax liabilities at December 31, 2024 and 2023 totaled \$31,303 and \$22,570, respectively.

The excise tax provisions for the years ended December 31, 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Current	\$ 25,663	\$ 13,537
Deferred	8,732	40,850
Totals	<u>\$ 34,395</u>	<u>\$ 54,387</u>

Note 6—Net Assets Without Donor Restrictions

Board-designated net assets are comprised of contributions received without donor restriction that do not fall within the Attorney General's requirement to spend 60% of program dollars on health-related activities. The purpose of the designation is to keep the contributions separate from funds that are subject to the Attorney General's requirement. During the years ended December 31, 2024 and 2023, Vesper Society paid no grants from its board-designated funds. The balance of the board-designated fund during the years ended December 31, 2024 and 2023 totaled \$58,758 and \$58,858, respectively.

Note 7—Defined Contribution Plan

Vesper Society provides a defined contribution plan (the "Plan") to all employees who have completed six months of employment and normally work more than 20 hours per week. Vesper Society makes annual contributions to the Plan equal to a certain percentage of each employee's compensation up to a ceiling that is adjusted in accordance with IRS determined amounts each year. Contributions to the Plan during the years ended December 31, 2024 and 2023 totaled \$17,262 and \$17,475, respectively.

Note 8—Commitments and Contingencies

In October 2024, Vesper Society signed a lease agreement for office equipment under a financing lease agreement which expires in October 2029, requiring monthly payments of \$179. In relation to this lease, a financing lease right-of-use asset and an financing lease liability amounts of \$9,244 and \$9,288, respectively, were recorded in accordance with accounting standards, using the lease terms and monthly charges at a discount rate of 4.05% for the year ended December 31, 2024.

In March 2018, Vesper Society signed a lease agreement for office space, under an operating lease agreement which expired on August 31, 2024. The lease called for monthly payments escalating each year starting at \$8,528 and increasing to \$9,887 over the term of the lease. Rent expense was recorded on a straight-line basis over the lease term; the cumulative difference between actual payments and straight-line office expense was recorded as deferred rent liability on the statements of financial position.

Vesper Society subleased part of this office space under a noncancelable lease arrangement that expired on August 31, 2024. Sublease income amounted to \$18,710 and \$28,090, respectively, for the years ended December 31, 2024 and 2023 and was recorded net of related rent expense of \$17,130 and \$25,696, respectively, and is included in other income in the statements of activities.

Vesper Society
Notes to Financial Statements—Continued

Note 8—Commitments and Contingencies—Continued

In August 2024, Vesper Society signed a new lease agreement for office space, under an operating lease agreement which expires on October 2029. The lease calls for monthly payments starting at \$6,130 and increasing to \$7,106 over the term of the lease. Rent expense is recorded on a straight-line basis over the lease term; the cumulative difference between actual payments and straight-line office expense is recorded as deferred rent liability on the statements of financial position. A related operating lease right-of-use asset was recorded for the year ended December 31, 2024, using the lease term and monthly rental amounts, and a discount rate of 4.29%, amounting to \$325,061.

Operating lease liability at December 31, 2024 and 2023 amounted to \$340,963 and \$77,601, respectively. Office lease expense at December 31, 2024 and 2023 amounted to \$98,419 and \$89,649, respectively.

Note 9—Subsequent Events

Subsequent events were evaluated through March 15, 2025, which is the date the financial statements were available to be issued, and concluded that no material subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.