

**SERAPHIC FIRE, INC.**  
MIAMI, FLORIDA

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

MAY 31, 2024 AND 2023

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Seraphic Fire, Inc.  
Miami, Florida

### Opinion

We have audited the accompanying financial statements of Seraphic Fire, Inc. (the "Organization") (a nonprofit organization), which comprise the statements of financial position as of May 31, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 the Organization as of May 31, 2024 and 2023, and the changes in net assets, cash flows and functional expenses for the years 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 the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be 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 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 the Organization'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 the Organization'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.

*Verdeja - Alvarez, LLP*

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
August 22, 2024

**SERAPHIC FIRE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**MAY 31, 2024 AND 2023**

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	<b>ASSETS</b>	
	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash and cash equivalents (\$95,217, \$1,025 with donor restriction, respectively)	\$ 132,331	\$ 277,111
Grants receivable	189,615	108,074
Prepaid expenses and other assets	23,101	57,328
Endowment	1,384,084	1,326,755
Right-of-use asset	49,113	-
<b>TOTAL ASSETS</b>	<u><u>\$ 1,778,244</u></u>	<u><u>\$ 1,769,268</u></u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 100,474	\$ 115,049
Deferred revenues	113,016	60,039
Right-of-use liability	43,400	-
<b>TOTAL CURRENT LIABILITIES</b>	<u>256,890</u>	<u>175,088</u>
Right-of-use liability	2,274	-
<b>TOTAL LIABILITIES</b>	<u>259,164</u>	<u>175,088</u>
<b>NET ASSETS</b>		
Without donor restriction	192,383	515,358
With donor restriction	1,326,697	1,078,822
<b>TOTAL NET ASSETS</b>	<u>1,519,080</u>	<u>1,594,180</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 1,778,244</u></u>	<u><u>\$ 1,769,268</u></u>

The accompanying notes are an integral part of these financial statements.

**SERAPHIC FIRE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2024**

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	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 675,682	\$ 240,000	\$ 915,682
Box office revenue	243,059	-	243,059
Contributions	579,911	20,000	599,911
Contracted services and other income	73,058	-	73,058
Investment gain, net	46,188	163,683	209,871
Tuition revenues	43,155	-	43,155
Net assets released from restrictions	175,808	(175,808)	-
TOTAL SUPPORT AND REVENUE	1,836,861	247,875	2,084,736
<b>EXPENSES</b>			
Program expenses	1,541,299	-	1,541,299
Supporting expenses	618,537	-	618,537
TOTAL EXPENSES	2,159,836	-	2,159,836
<b>CHANGES IN NET ASSETS</b>	(322,975)	247,875	(75,100)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	515,358	1,078,822	1,594,180
<b>NET ASSETS AT END OF YEAR</b>	\$ 192,383	\$ 1,326,697	\$ 1,519,080

The accompanying notes are an integral part of these financial statements.

**SERAPHIC FIRE, INC.**  
**STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS**  
**FOR THE YEAR ENDED MAY 31, 2023**

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	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 839,304	\$ -	\$ 839,304
Box office revenue	270,745	-	270,745
Contributions	551,118	25,510	576,628
Contracted services and other income	198,500	-	198,500
Investment loss, net	(16,342)	(86,429)	(102,771)
Tuition revenues	47,770	-	47,770
Net assets released from restrictions	134,835	(134,835)	-
TOTAL SUPPORT AND REVENUE	2,025,930	(195,754)	1,830,176
<b>EXPENSES</b>			
Program expenses	1,530,604	-	1,530,604
Administrative expenses	717,475	-	717,475
TOTAL EXPENSES	2,248,079	-	2,248,079
CHANGES IN NET ASSETS BEFORE OTHER INCOME	(222,149)	(195,754)	(417,903)
Employee retention tax credit	163,132	-	163,132
TOTAL OTHER INCOME	163,132	-	163,132
CHANGES IN NET ASSETS AFTER OTHER INCOME	(59,017)	(195,754)	(254,771)
NET ASSETS AT BEGINNING OF YEAR	574,375	1,274,576	1,848,951
NET ASSETS AT END OF YEAR	\$ 515,358	\$ 1,078,822	\$ 1,594,180

The accompanying notes are an integral part of these financial statements.

**SERAPHIC FIRE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (75,100)</u>	<u>\$ (254,771)</u>
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Reduction of right-of-use asset	(3,439)	-
Realized and unrealized gain	(65,209)	102,771
Increase in grants receivable	(81,541)	(1,157)
Decrease / (Increase) in grants receivable	34,227	(7,861)
(Decrease) / Increase in accounts payable and accrued expenses	(14,575)	1,543
Increase / (Decrease) in deferred revenue	<u>52,977</u>	<u>(131,936)</u>
NET CASH USED IN OPERATING ACTIVITIES	(152,660)	(291,411)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	<u>7,880</u>	<u>7,880</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	7,880	7,880
DECREASE IN CASH AND CASH EQUIVALENTS	(144,780)	(283,531)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>277,111</u>	<u>560,642</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 132,331</u>	<u>\$ 277,111</u>

The accompanying notes are an integral part of these financial statements.



**SERAPHIC FIRE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2024**

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	Program			Supporting	
	Seraphic Fire Youth Initiative	Artistic Programs	Total Program Expenses	Administrative	Totals
Advertising and Promotion	\$ -	\$ 143,848	\$ 143,848	\$ -	\$ 143,848
Auto Transportation	10,424	-	10,424	4,889	15,313
Development	-	-	-	20,843	20,843
Equipment Rental	-	18,412	18,412	10,546	28,958
Insurance	-	-	-	13,160	13,160
Office Supplies	84	-	84	2,045	2,129
Other Expenses	2,196	16,802	18,998	45,275	64,273
Postage and Printing	-	-	-	2,092	2,092
Professional Fees	138,266	329,305	467,571	190,410	657,981
Rent	23,404	50,208	73,612	38,802	112,414
Salaries, Taxes and Benefits	87,672	266,203	353,875	247,951	601,826
Telephone Total	960	-	960	8,868	9,828
Ticket Fees and Credit Card Discounts	-	28,890	28,890	1,285	30,175
Travel, Lodging, Meals, and Stipends	138,186	286,439	424,625	32,371	456,996
<b>TOTALS</b>	<b>\$ 401,192</b>	<b>\$ 1,140,107</b>	<b>\$ 1,541,299</b>	<b>\$ 618,537</b>	<b>\$ 2,159,836</b>

The accompanying notes are an integral part of these financial statements.

**SERAPHIC FIRE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2023**

	Program		Total Program Expenses	Supporting	Totals
	Seraphic Fire Youth Initiative	Artistic Programs		Administrative	
Advertising and Promotion	\$ -	\$ 136,687	\$ 136,687	\$ 9,921	\$ 146,608
Auto Transportation	8,696	-	8,696	6,702	15,398
Development	-	-	-	37,858	37,858
Equipment Rental	-	14,777	14,777	9,873	24,650
Insurance	-	-	-	7,330	7,330
Office Supplies	701	-	701	5,235	5,936
Other Expenses	1,966	15,138	17,104	20,306	37,410
Postage and Printing	-	-	-	5,034	5,034
Professional Fees	102,931	393,746	496,677	161,049	657,726
Rent	4,840	39,738	44,578	39,380	83,958
Salaries, Taxes and Benefits	57,488	244,784	302,272	365,428	667,700
Telephone Total	960	-	960	8,997	9,957
Ticket Fees and Credit Card Discounts	-	24,870	24,870	27	24,897
Travel, Lodging, Meals, and Stipends	79,368	403,914	483,282	40,335	523,617
<b>TOTALS</b>	<b>\$ 256,950</b>	<b>\$ 1,273,654</b>	<b>\$ 1,530,604</b>	<b>\$ 717,475</b>	<b>\$ 2,248,079</b>

The accompanying notes are an integral part of these financial statements.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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**NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Organization**

Seraphic Fire, Inc. (the “Organization”) is a not-for-profit Organization incorporated in the State of Florida. Seraphic Fire, Inc. presents the highest quality performances of historically significant and under-performed music, and advances art through the professional development, refinement, and documentation of musicians’ talents while promoting community connectivity through educational programs. Seraphic Fire, Inc. strives to be the exemplar for quality contributions to professional ensemble singing in North America.

Seraphic Fire, Inc. also operates the Seraphic Fire Youth Initiative (SFYI). This program, in partnership with Miami-Dade County Public Schools, is a free music education program serving elementary and middle school students in economically disadvantaged communities. The program offers a unique, hands-on approach to music education and choral performance to Miami-Dade County youth. Seraphic Fire artists visit schools for dynamic presentations including music theory fundamentals, vocal pedagogy and interactive exercises with the artists.

**Basis of Accounting**

The Organization prepares its financial statements on the accrual basis of accounting principles generally accepted in the United States of America (“GAAP”).

The Organization prepares its financial statements in accordance with the Financial Accounting Standards Board Accounting Standards Codification (“FASB ASC”). The Organization is required to report information regarding its financial position and activities according to two classes of net assets. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

The portion of the net assets of the Organization that can be used subject to the broad limits resulting from the nature of the Organization, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the normal course of business. The Organization has the greatest ability to choose when using these resources. Net assets without donor restrictions generally result from contributions that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions

The portions of net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization’s choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor’s instructions. Net assets with donor restrictions generally result from donor-restricted contributions. There were \$1,326,697 and \$1,078,822 net assets with donor restrictions as of May 31, 2024 and 2023.

**Use of 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, the disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments, including money market funds, purchased with an original maturity of three months or less to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash equivalents. At times, cash balances may exceed the levels of insurance provided by the Federal Deposit Insurance Coverage (FDIC).

**Allowance for Credit Losses**

Pledges receivable and grants and other receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through adjustments to valuation allowances based on its assessment of the current status of individual receivables. Balances still outstanding after management has used reasonable collection efforts are written-off through a charge to the valuation allowance. As of May 31, 2024, management determined that an allowance for credit losses was not necessary.

**Deferred Revenue**

Deferred revenue consists primarily of advance payments for future program events, which are recognized as revenue generally when the program event takes place.

**Grants and Contributions**

Contributions, including unconditional promises to give, are recorded when received. All contributions are available for use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Generally, grants are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific terms of the grant.

**Revenue Recognition**

It is the policy of the Organization to record the total grant amount at the time of award and defer the unexpended portion until earned. Funds restricted for operating purposes are deemed to be earned and reported as revenue when the Organization has incurred expenditures in compliance with the specific restrictions.

**Income Taxes**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and therefore, has made no provision for federal income taxes in the accompanying financial statements. In addition, the Organization qualifies for the charitable contribution deduction under Section 170 (b) (1) (A) and has been classified as an organization other than a private foundation under Section 509 (a) (2).

There are no reserves held for uncertain tax positions at May 31, 2024 and 2023. Tax years that are open under the statute of limitations remain subject to examination by the IRS. The Organization is generally no longer subject to U.S. Federal or State examinations by tax authorities for years before 2021.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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NOTE 1 – NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Subsequent Events**

Management has evaluated and noted no subsequent events through August 22, 2024, the date which the financial statements were available for issue.

**Functional Expenses**

The costs of providing Organization programs and support have been summarized on a functional basis on the statement of functional expenses. Accordingly, certain costs have been allocated to the various functions to the extent possible.

NOTE 2 – ENDOWMENT

In February 2016, the Organization created an endowment fund for philanthropic and charitable purposes. The Endowment is held with the Coral Gables Community Foundation. In February 2022 the Organization created a separate fund with The Miami Foundation.

Endowment net assets at May 31, 2024 consisted of the following:

	May 31, 2024		
	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment funds	\$ 252,604	\$ -	\$ 252,604
Endowment funds	-	1,131,480	1,131,480
	\$ 252,604	\$ 1,131,480	\$ 1,384,084

Endowment net assets at May 31, 2023 consisted of the following:

	May 31, 2023		
	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment funds	\$ 248,958	\$ -	\$ 248,958
Endowment funds	-	1,077,797	1,077,797
	\$ 248,958	\$ 1,077,797	\$ 1,326,755

**Interpretation of Relevant Law**

The Board of Trustees of the endowment has interpreted the Florida Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Fund classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) annual investment income up to the consumer price index, with any excess earnings used to fund the annual scholarship award.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

NOTE 2 – ENDOWMENTS (Continued)

Changes in endowment net assets for the years ended May 31, 2024 were as follows:

	With Donor Restriction				
	Without Donor Restriction	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 248,958	\$ 1,000,000	\$ 77,797	\$ 1,077,797	\$ 1,326,755
Dividend and interest net of fees	10,941	-	31,156	31,156	42,097
Net depreciation (realized and unrealized)	22,910	-	132,527	132,527	155,437
Total investment return	33,851	-	163,683	163,683	197,534
Contributions	-	-	-	-	-
Distributions	(30,205)	-	(110,000)	(110,000)	(140,205)
Endowment net assets, end of year	\$ 252,604	\$ 1,000,000	\$ 131,480	\$ 1,131,480	\$ 1,384,084

Changes in endowment net assets for the years ended May 31, 2023 were as follows:

	With Donor Restriction				
	Without Donor Restriction	Original Gift Amount	Accumulated Gains (Losses) and Other	Total With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 273,180	\$ 1,000,000	\$ 164,226	\$ 1,164,226	\$ 1,437,406
Dividend and interest net of fees	819	-	9,993	9,993	10,812
Net depreciation (realized and unrealized)	(17,161)	-	(96,422)	(96,422)	(113,583)
Total investment return	(16,342)	-	(86,429)	(86,429)	(102,771)
Contributions	10,835	-	-	-	10,835
Distributions	(18,715)	-	-	-	(18,715)
Endowment net assets, end of year	\$ 248,958	\$ 1,000,000	\$ 77,797	\$ 1,077,797	\$ 1,326,755

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor intended. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported in net assets without donor restriction. There were no such deficiencies as of May 31, 2024 and 2023.

**Strategies Employed for Achieving Objectives**

Portfolio diversification will be achieved by investing in several different asset classes - including U.S. and international public equities, and U.S. Government and corporate fixed income securities. Broad diversification is expected to enhance risk-adjusted returns over the long-term. All investments will be held in U.S. dollars. Exchange traded funds, or indexed mutual funds, may be used to obtain adequate equity diversification. The investment portfolio will be further diversified within each asset class.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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NOTE 2 – ENDOWMENTS (Continued)

**Spending Policy and How the Investment Objectives Relate to Spending Policy**

The parties intend that contributions to the Seraphic Fire Endowment Fund will be irretrievably devoted to providing endowment funding for the benefit of Seraphic Fire. Accordingly, the amount that may be annually disbursed from the Seraphic Fire Endowment Fund has been calculated in an amount that is intended, over time, to preserve the principal of the Fund and will be equal to no more than three percent (3%) of the balance of the Seraphic Fire Endowment Fund calculated at the time of each such disbursement.

NOTE 3 – FAIR VALUE MEASUREMENTS

The Organization's investments are reported at fair value and held at an investment institution. The Organization classified its investments as of May 31, 2024 and 2023, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liabilities' fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

NOTE 3 – FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of May 31, 2024:

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 829,829	\$ 829,829	\$ -	\$ -
Fixed income	446,478	-	446,478	-
Alternatives	14	14	-	-
Real Estate	49,515	49,515	-	-
Cash equivalents	58,249	-	58,249	-
	<u>\$ 1,384,085</u>	<u>\$ 879,358</u>	<u>\$ 504,727</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of May 31, 2023.

Assets	Fair Value	Fair Value Measurements Using:		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	\$ 696,679	\$ 696,679	\$ -	\$ -
Fixed income	472,586	-	472,586	-
Alternatives	22,863	22,863	-	-
Real Estate	18,810	18,810	-	-
Cash equivalents	115,818	-	115,818	-
	<u>\$ 1,326,756</u>	<u>\$ 738,352</u>	<u>\$ 588,404</u>	<u>\$ -</u>



**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2024 AND 2023**

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**NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of May 31, 2024 and 2023 that are available for general use within one year of that date to meet cash for general expenditures:

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 132,331	\$ 277,111
Grants receivable	189,615	108,074
Investments	<u>1,384,084</u>	<u>1,326,755</u>
<b>TOTAL ASSETS</b>	<b>1,706,030</b>	<b>1,711,940</b>
Less:		
Investments with donor restrictions	1,131,480	1,077,797
Cash with donor restrictions	<u>195,217</u>	<u>-</u>
	<u>1,326,697</u>	<u>1,077,797</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u><u>\$ 379,333</u></u>	<u><u>\$ 634,143</u></u>

The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Board-designated cash is available upon approval of expenditures by the board of directors.

**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets are restricted for the following purposes or time periods, as of May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Time and purpose restrictions:		
Concert	\$ 194,192	\$ -
Artist Development Fund	1,025	1,025
Earning on investments held in perpetuity	131,480	77,797
Restricted in perpetuity	<u>1,000,000</u>	<u>1,000,000</u>
	<u><u>\$ 1,326,697</u></u>	<u><u>\$ 1,078,822</u></u>
Total net assets with donor restriction	<u><u>\$ 1,326,697</u></u>	<u><u>\$ 1,078,822</u></u>
Concerts	\$ 65,808	\$ 120,500
Endowment	110,000	14,000
Artist Development Fund	-	335
Total net assets released from restriction	<u><u>\$ 175,808</u></u>	<u><u>\$ 134,835</u></u>

These net assets are restricted for specific purposes or until specific events occur.

**SERAPHIC FIRE, INC.**  
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**NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)**

Net assets with donor restrictions are as follows at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash	\$ 95,217	\$ 1,025
Accounts receivable	100,000	-
Investments	1,131,480	1,077,797
	<u>\$ 1,326,697</u>	<u>\$ 1,078,822</u>

**NOTE 6 – EMPLOYER RETENTION CREDIT (ERC)**

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) signed into law on March 27, 2020 and the subsequent extension of the CARES Act, the Company was eligible for a refundable employee retention credit subject to certain criteria. For the fiscal year ending May 31, 2023 the Organization received and recognized \$163,132 as employee retention credit included as other income on the Statement of Activities and Changes in Net Assets.

**NOTE 7 – COMMITMENTS**

**Operating**

The Organization leases office space under an operating lease. For the lease term greater than 12 months, the Organization records the related asset and obligation at the present value of lease payments over the term, using the risk-free rate at inception of the lease. The term of the lease is two years commencing August 1, 2023.

Right-of-use assets, operating, consist of the following at May 31, 2024:

<u>Lease-Related Assets and Liabilities</u>	<u>Financial Statement Line Items</u>	
Right-of-use assets:		
Operating leases	Other assets	\$ 49,113
Total right-of-use assets		<u>\$ 49,113</u>
Lease liabilities:		
Operating Leases	Current liabilities	\$ 43,400
Operating Leases	Noncurrent liabilities	2,274
Total lease liabilities		<u>\$ 45,674</u>

Future minimum payments under operating leases with long-term term payment arrangements at May 31, 2024, are as follows:

	<u>Operating Leases</u>
2025	43,400
2026	3,640
Undiscounted liabilities	47,040
Less: Imputed interest	(1,366)
	<u>\$ 45,674</u>

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NOTE 7 – COMMITMENTS (Continued)

The following table represents the weighted average remaining lease term (years) and discount rate of the Organization’s operating and finance leases as of May 31, 2024:

	<u>Operating Leases</u>
Weighted average remaining lease term (years)	1.08
Weighted average discount rate	3.66%