

SERAPHIC FIRE, INC.
MIAMI, FLORIDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

MAY 31, 2023 AND 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 9, 2023

SERAPHIC FIRE, INC.
STATEMENTS OF FINANCIAL POSITION
MAY 31, 2023 AND 2022

	ASSETS	
	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents (\$15,535, \$110,350 with donor restriction, respectively)	\$ 277,111	\$ 560,642
Grants receivable	108,074	106,917
Prepaid expenses and other assets	57,328	49,467
Endowment	1,326,755	1,437,406
TOTAL ASSETS	<u><u>\$ 1,769,268</u></u>	<u><u>\$ 2,154,432</u></u>
	LIABILITIES AND NET ASSETS	
LIABILITIES		
Accounts payable and accrued expenses	\$ 115,049	\$ 113,506
Deferred revenues	60,039	191,975
TOTAL LIABILITIES	<u>175,088</u>	<u>305,481</u>
NET ASSETS		
Without donor restriction	515,358	574,375
With donor restriction	1,078,822	1,274,576
TOTAL NET ASSETS	<u>1,594,180</u>	<u>1,848,951</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,769,268</u></u>	<u><u>\$ 2,154,432</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, 2023

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
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
EXPENSES			
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.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED MAY 31, 2022

	Without Donor Restriction	With Donor Restriction	Total
SUPPORT AND REVENUE			
Grants	\$ 671,972	\$ 148,000	\$ 819,972
Box office revenue	242,998	-	242,998
Contributions	637,776	625,347	1,263,123
Contracted services and other income	75,584	-	75,584
Investment loss, net	(3,930)	(7,382)	(11,312)
Tuition revenues	3,900	-	3,900
Net assets released from restrictions	226,497	(226,497)	-
TOTAL SUPPORT AND REVENUE	1,854,797	539,468	2,394,265
EXPENSES			
Program expenses	1,123,807	-	1,123,807
Administrative expenses	743,245	-	743,245
TOTAL EXPENSES	1,867,052	-	1,867,052
CHANGES IN NET ASSETS BEFORE OTHER INCOME	(12,255)	539,468	527,213
Forgiveness of PPP Loan	93,130	-	93,130
TOTAL OTHER INCOME	93,130	-	93,130
CHANGES IN NET ASSETS AFTER OTHER INCOME	80,875	539,468	620,343
NET ASSETS AT BEGINNING OF YEAR	493,500	735,108	1,228,608
NET ASSETS AT END OF YEAR	\$ 574,375	\$ 1,274,576	\$ 1,848,951

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

SERAPHIC FIRE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ (254,771)</u>	<u>\$ 620,343</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on forgiveness of loan payable - PPP	-	(93,130)
Realized and unrealized loss	102,771	11,312
(Increase) / Decrease in grants receivable	(1,157)	(19,029)
(Increase) / Decrease in prepaid expenses	(7,861)	(19,405)
Increase in accounts payable and accrued expenses	1,543	17,183
Increase in deferred revenue	<u>(131,936)</u>	<u>84,931</u>
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(291,411)	602,205
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of marketable securities	<u>7,880</u>	<u>(583,147)</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	7,880	(583,147)
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(283,531)	19,058
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>560,642</u>	<u>541,584</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 277,111</u></u>	<u><u>\$ 560,642</u></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, 2023

	Seraphic Fire	Program	Total	Supporting	
	Youth	Other	Program	Administrative	Totals
	Initiative	Program	Program		
	Events	Expenses			
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
TOTALS	\$ 256,950	\$ 1,273,654	\$ 1,530,604	\$ 717,475	\$ 2,248,079

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

SERAPHIC FIRE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2022

	Seraphic Fire	Program	Total	Supporting	
	Youth	Other	Program	Administrative	Totals
	Initiative	Program	Program		
	Events	Expenses			
Advertising and Promotion	\$ -	\$ 185,682	\$ 185,682	\$ -	\$ 185,682
Auto Transportation	7,406	-	7,406	7,816	15,222
Development	-	-		151,757	151,757
Equipment Rental	-	18,640	18,640	8,698	27,338
Insurance	-	-	-	6,875	6,875
Office Supplies	250	-	250	12,795	13,045
Other Expenses	1,848	7,106	8,954	16,746	25,700
Postage and Printing	-	-	-	4,155	4,155
Professional Fees	59,505	287,811	347,316	37,865	385,181
Rent	3,000	42,806	45,806	38,430	84,236
Salaries, Taxes and Benefits	27,669	252,472	280,141	427,668	707,809
Telephone Total	960	-	960	9,682	10,642
Ticket Fees and Credit Card Discounts	-	24,662	24,662	-	24,662
Travel, Lodging, Meals, and Stipends	3,397	200,593	203,990	20,758	224,748
TOTALS	\$ 104,035	\$ 1,019,772	\$ 1,123,807	\$ 743,245	\$ 1,867,052

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

SERAPHIC FIRE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

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 \$1,078,822 and \$1,274,576 net assets with donor restrictions as of May 31, 2023 and 2022.

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, 2023 AND 2022

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).

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.

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, 2023 and 2022. 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 2020.

Subsequent Events

Management has evaluated and noted no subsequent events through November 9 2023, 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.

SERAPHIC FIRE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

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, 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

Endowment net assets at May 31, 2022 consisted of the following:

	May 31, 2022		
	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment funds	\$ 273,180	\$ -	\$ 273,180
Endowment funds	-	1,164,226	1,164,226
	\$ 273,180	\$ 1,164,226	\$ 1,437,406

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, 2023 AND 2022

NOTE 2 – ENDOWMENTS (Continued)

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

Changes in endowment net assets for the years ended May 31, 2022 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	\$ 193,963	\$ 500,000	\$ 171,608	\$ 671,608	\$ 865,571
Dividend and Interest net of fees	(1,835)	-	1,757	1,757	(78)
Net appreciation (realized and unrealized)	(2,095)	-	(9,139)	(9,139)	(11,234)
Total investment return	(3,930)	-	(7,382)	(7,382)	(11,312)
Contributions	83,147	500,000	-	500,000	583,147
Endowment net assets, end of year	\$ 273,180	\$ 1,000,000	\$ 164,226	\$ 1,164,226	\$ 1,437,406

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, 2023 and 2022.

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, 2023 AND 2022

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, 2023 and 2022, 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, 2023 AND 2022

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, 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>

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets at fair value as of May 31, 2022.

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	\$ 718,240	\$ 718,240	\$ -	\$ -
Fixed income	385,386	-	385,386	-
Alternatives	39,069	39,069	-	-
Real Estate	3,437	3,437	-	-
Cash equivalents	291,274	-	291,274	-
	<u>\$ 1,437,406</u>	<u>\$ 760,746</u>	<u>\$ 676,660</u>	<u>\$ -</u>

SERAPHIC FIRE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of May 31, 2023 and 2022 that are available for general use within one year of that date to meet cash for general expenditures:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 277,111	\$ 560,642
Grants receivable	108,074	106,917
Investments	1,326,755	1,437,406
TOTAL ASSETS	<u>1,711,940</u>	<u>2,104,965</u>
Less:		
Investments with donor restrictions	1,077,797	1,164,226
Cash with donor restrictions	-	110,350
	<u>1,077,797</u>	<u>1,274,576</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 634,143</u>	<u>\$ 830,389</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, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Time and purpose restrictions:		
Concert	\$ -	\$ 97,350
Artist Development Fund	1,025	-
Endowment	-	13,000
Earning on investments held in perpetuity	77,797	164,226
Restricted in perpetuity	1,000,000	1,000,000
	<u>\$ 1,078,822</u>	<u>\$ 1,274,576</u>
Total net assets with donor restriction	<u>\$ 1,078,822</u>	<u>\$ 1,274,576</u>
Concerts	120,500	191,500
Endowment	14,000	34,997
Artist Development Fund	335	-
Total net assets released from restriction	<u>\$ 134,835</u>	<u>\$ 226,497</u>

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

SERAPHIC FIRE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MAY 31, 2023 AND 2022

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

Net assets with donor restrictions are as follows at May 31, 2023 and 2022:

Net assets with restrictions consist of the following assets	2023	2022
Cash	\$ -	\$ 110,350
Investments	1,077,797	1,164,226
	\$ 1,077,797	\$ 1,274,576

NOTE 6 – PROMISSORY NOTE PAYCHECK PROTECTION PROGRAM

On February 19, 2021, the Organization received loan proceeds in the amount of \$93,130 under the Paycheck Protection Program (“PPP”). The loans and accrued interest are forgivable after eight weeks or at twenty-four week as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On March 28, 2022 the loan was fully forgiven and has been recorded as other income on the Statement of Activities and Changes in Net Assets.

NOTE 7 – 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 8 – OTHER MATTERS

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to impact the Organization’s financial results. While management expects this impact to be temporary, the severity and duration of the impact is uncertain at this time.