

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

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

MAY 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Seraphic Fire, Inc.  
Miami, Florida

### Report on the Financial Statements

We have audited the accompanying financial statements of Seraphic Fire, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of May 31, 2021 and 2020, and the related statements of activities and change in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Seraphic Fire, Inc. as of May 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida  
October 5, 2021

**SERAPHIC FIRE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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	<b>ASSETS</b>	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents (\$63,500, \$103,000 with donor restriction, respectively)	\$ 541,584	\$ 388,475
Grants receivable	87,888	115,109
Prepaid expenses and other assets	30,062	41,313
Endowment	865,571	691,680
<b>TOTAL ASSETS</b>	<u>\$ 1,525,105</u>	<u>\$ 1,236,577</u>
	<b>LIABILITIES AND NET ASSETS</b>	
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 96,323	\$ 48,185
Deferred revenues	107,044	77,756
Paycheck Protection Program promissory note	93,130	106,000
<b>TOTAL LIABILITIES</b>	<u>296,497</u>	<u>231,941</u>
<b>NET ASSETS</b>		
Without donor restriction	493,500	359,314
With donor restriction	735,108	645,322
<b>TOTAL NET ASSETS</b>	<u>1,228,608</u>	<u>1,004,636</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 1,525,105</u>	<u>\$ 1,236,577</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, 2021**

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	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 506,220	\$ 66,000	\$ 572,220
Box office revenue	58,442	-	58,442
Contributions	653,005	50,000	703,005
Contracted services and other income	21,289	-	21,289
Investment gain (loss), net	34,604	129,286	163,890
Net assets released from restrictions	155,500	(155,500)	-
<b>TOTAL SUPPORT AND REVENUE</b>	<u>1,429,060</u>	<u>89,786</u>	<u>1,518,846</u>
<b>EXPENSES</b>			
Program expenses	822,373	-	822,373
Administrative expenses	472,501	-	472,501
<b>TOTAL EXPENSES</b>	<u>1,294,874</u>	<u>-</u>	<u>1,294,874</u>
<b>CHANGES IN NET ASSETS</b>	134,186	89,786	223,972
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>359,314</u>	<u>645,322</u>	<u>1,004,636</u>
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 493,500</u>	<u>\$ 735,108</u>	<u>\$ 1,228,608</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, 2020**

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	Without Donor Restriction	With Donor Restriction	Total
<b>SUPPORT AND REVENUE</b>			
Grants	\$ 494,255	\$ 84,500	\$ 578,755
Box office revenue	325,484	-	325,484
Contributions	500,963	53,700	554,663
Summer program	69,750	-	69,750
Contracted services and other income	140,332	-	140,332
Investment gain (loss), net	(1,798)	(8,563)	(10,361)
Net assets released from restrictions	286,867	(286,867)	-
TOTAL SUPPORT AND REVENUE	1,815,853	(157,230)	1,658,623
<b>EXPENSES</b>			
Program expenses	1,167,848	-	1,167,848
Administrative expenses	537,082	-	537,082
TOTAL EXPENSES	1,704,930	-	1,704,930
<b>CHANGES IN NET ASSETS</b>	110,923	(157,230)	(46,307)
<b>NET ASSETS AT BEGINNING OF YEAR</b>	248,391	802,552	1,050,943
<b>NET ASSETS AT END OF YEAR</b>	\$ 359,314	\$ 645,322	\$ 1,004,636

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

**SERAPHIC FIRE, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	<u>\$ 223,972</u>	<u>\$ (46,307)</u>
Adjustments to reconcile change in net assets to net cash (used in) / provided by operating activities:		
Gain on forgiveness of loan payable - PPP	(106,000)	-
Realized and unrealized (gains)	(175,920)	(3,865)
(Increase) / Decrease in grants receivable	27,221	42,618
(Increase) / Decrease in prepaid expenses	13,280	(15,898)
Increase / (Decrease) in accounts payable and accrued expenses	48,138	(34,296)
Increase / (Decrease) in deferred revenue	<u>29,288</u>	<u>(18,202)</u>
NET CASH (USED IN)/PROVIDED BY OPERATING ACTIVITIES	59,979	(75,950)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from Paycheck Protection Program	<u>93,130</u>	<u>106,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	93,130	106,000
INCREASE IN CASH AND CASH EQUIVALENTS	153,109	30,050
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>388,475</u>	<u>358,425</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 541,584</u>	<u>\$ 388,475</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, 2021**

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	Seraphic Fire	Program	Total	Supporting	
	Youth	Other	Program	Administrative	Totals
	Initiative	Program	Program		
	Events	Expenses			
Advertising and Promotion	\$ -	\$ 118,605	\$ 118,605	\$ -	\$ 118,605
Auto Transportation	204		204	743	947
Equipment Rental	-	1,343	1,343	7,318	8,661
Insurance	-	-	-	7,438	7,438
Office Supplies	-	-	-	3,199	3,199
Other Expenses	-	7,842	7,842	10,598	18,440
Postage and Printing	-	-	-	5,543	5,543
Professional Fees	41,735	307,980	349,715	28,002	377,717
Rent	-	13,368	13,368	37,419	50,787
Salaries, Taxes and Benefits	23,776	222,349	246,125	359,189	605,314
Telephone Total	800	-	800	7,926	8,726
Ticket Fees and Credit Card Discounts	-	18,144	18,144	-	18,144
Travel, Lodging, Meals, and Stipends	-	66,227	66,227	5,126	71,353
TOTALS	\$ 66,515	\$ 755,858	\$ 822,373	\$ 472,501	\$ 1,294,874

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

**SERAPHIC FIRE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MAY 31, 2020**

	Seraphic Fire	Program	Total	Supporting	
	Youth	Other	Program	Administrative	Totals
	Initiative	Program	Expenses		
		Events			
Advertising and Promotion	\$ -	\$ 179,976	\$ 179,976	\$ -	\$ 179,976
Auto Transportation	1,432	-	1,432	3,664	5,096
Equipment Rental	-	10,464	10,464	12,658	23,122
Insurance	-	-	-	8,266	8,266
Office Supplies	4,515	-	4,515	6,635	11,150
Other Expenses	659	15,350	16,009	25,224	41,233
Postage and Printing	-	-	-	7,645	7,645
Professional Fees	32,260	346,246	378,506	65,298	443,804
Rent	750	36,146	36,896	38,214	75,110
Salaries, Taxes and Benefits	20,782	242,437	263,219	336,182	599,401
Telephone Total	720	-	720	9,652	10,372
Ticket Fees and Credit Card Discounts	-	19,850	19,850	-	19,850
Travel, Lodging, Meals, and Stipends	9,153	247,108	256,261	23,644	279,905
TOTALS	\$ 70,271	\$ 1,097,577	\$ 1,167,848	\$ 537,082	\$ 1,704,930

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

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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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 \$735,108 and \$645,322 net assets with donor restrictions as of May 31, 2021 and 2020.

**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, 2021 AND 2020**

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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).

**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, 2021 and 2020. 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 2018.

**Subsequent Events**

Management has evaluated and noted no subsequent events through October 5, 2021, 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, 2021 AND 2020**

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

**New Accounting Pronouncement**

In June 2018, the FASB issued Accounting Standards Update (ASU) No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, with the stated purpose of providing guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue. The standard is effective for fiscal years beginning after December 15, 2018, and should be applied on a modified prospective basis, with early adoption permitted. Accordingly, it was implemented by the Organization for the year ended May 31, 2021.

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.

Endowment net assets at May 31, 2021 consisted of the following:

	May 31, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment funds	\$ 193,963	\$ -	\$ 193,963
Endowment funds	-	671,608	671,608
	\$ 193,963	\$ 671,608	\$ 865,571

Endowment net assets at May 31, 2020 consisted of the following:

	May 31, 2020		
	Without Donor Restriction	With Donor Restriction	Total
Board designated endowment funds	\$ 149,358	\$ -	\$ 149,358
Endowment funds	-	542,322	542,322
	\$ 149,358	\$ 542,322	\$ 691,680

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

NOTE 2 – ENDOWMENTS (Continued)

**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.

Changes in endowment net assets for the years ended May 31, 2021 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	\$ 149,358	\$ 500,000	\$ 42,322	\$ 542,322	\$ 691,680
Dividend and Interest net of fees	620	-	2,284	2,284	2,904
Net depreciation (realized and unrealized)	33,985	-	127,002	127,002	160,987
Total investment return	34,605	-	129,286	129,286	163,891
Contributions	10,000	-	-	-	10,000
Endowment net assets, end of year	\$ 193,963	\$ 500,000	\$ 171,608	\$ 671,608	\$ 865,571

Changes in endowment net assets for the years ended May 31, 2020 were as follows:

	With Donor Restriction				
	Without Donor Restriction	Original Gift Amount	Accumulated Gains (Losses) and	Total With Donor Restriction	Total
Endowment net assets, beginning of year	\$ 136,930	\$ 500,000	\$ 50,885	\$ 550,885	\$ 687,815
Dividend and Interest net of fees	921	-	3,840	3,840	4,761
Net appreciation (realized and unrealized)	(3,493)	-	(12,403)	(12,403)	(15,896)
Total investment return	(2,572)	-	(8,563)	(8,563)	(11,135)
Contributions	15,000	-	-	-	15,000
Endowment net assets, end of year	\$ 149,358	\$ 500,000	\$ 42,322	\$ 542,322	\$ 691,680

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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NOTE 2 – ENDOWMENTS (Continued)

**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, 2021 and 2020.

**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.

**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, 2021 and 2020, 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, 2021 AND 2020**

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, 2021:

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	\$ 517,630	\$ 517,630	\$ -	\$ -
Fixed income	276,308	-	276,308	-
Alternatives	19,287	19,287	-	-
Cash equivalents	52,346	-	52,346	-
	<u>\$ 865,571</u>	<u>\$ 536,917</u>	<u>\$ 328,654</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, 2020.

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	\$ 376,458	\$ 376,458	\$ -	\$ -
Fixed income	250,441	-	250,441	-
Alternatives	20,475	20,475	-	-
Cash equivalents	44,306	-	44,306	-
	<u>\$ 691,680</u>	<u>\$ 396,933</u>	<u>\$ 294,747</u>	<u>\$ -</u>

NOTE 4 – COMMITMENTS AND CONTINGENCIES

In April 2017, the Organization entered into a five year non-cancelable lease agreement for facilities expiring March 2022. Rent expense for the facilities for the years ended May 31, 2021 and 2020 were \$37,420 and \$38,214 respectively. Additionally, the Organization entered into lease agreement for the use of copier machines for office use. The lease agreement has a term of four years and expires in October 2021.

The following represents lease commitments through the lives of the leases:

2022	<u>36,908</u>
Total	<u>\$ 36,908</u>



**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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**NOTE 5 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of May 31, 2021 and 2020 that are available for general use within one year of that date to meet cash for general expenditures:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 541,584	\$ 388,475
Grants receivable	87,888	115,109
Investments	<u>867,600</u>	<u>691,680</u>
<b>TOTAL ASSETS</b>	<b>1,497,072</b>	<b>1,195,264</b>
Less:		
Investments with donor restrictions	671,608	542,322
Cash with donor restrictions	<u>63,500</u>	<u>103,000</u>
	<u>735,108</u>	<u>645,322</u>
Financial assets available to meet cash needs for general expenditures within one year:	<u><u>\$ 761,964</u></u>	<u><u>\$ 549,942</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 6 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets are restricted for the following purposes or time periods, as of May 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Time and purpose restrictions:		
Concert	\$ 63,500	\$ 103,000
Earning on investments held in perpetuity	171,608	42,322
Restricted in perpetuity	<u>500,000</u>	<u>500,000</u>
	<u><u>\$ 735,108</u></u>	<u><u>\$ 645,322</u></u>
 Total net assets with donor restriction	 <u><u>\$ 735,108</u></u>	 <u><u>\$ 645,322</u></u>
 Concerts	 <u>155,500</u>	 <u>286,867</u>
Total net assets released from restriction	<u><u>\$ 155,500</u></u>	<u><u>\$ 286,867</u></u>

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

Net assets with donor restrictions are as follows at May 31, 2021 and 2020:

Cash	\$ 63,500	\$ 103,000
Investments	<u>671,608</u>	<u>542,322</u>
	<u><u>\$ 735,108</u></u>	<u><u>\$ 645,322</u></u>

**SERAPHIC FIRE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED MAY 31, 2021 AND 2020**

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**NOTE 7 – OTHER MATTERS**

In January 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a “Public Health Emergency of International Concern,” which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in financial markets. The coronavirus outbreak and government responses are creating disruption in global supply chains and adversely impacting many industries. The outbreak could have a continued material adverse impact on economic and market conditions and trigger a period of global economic slowdown. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance and its financial results.

**NOTE 8 – 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 PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. 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. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week or twenty-four week period.

The unforgiven portion of the PPP loan is payable over two years at an interest rate of 1%, with a deferral of payments for the first six months. The Organization intends to use the proceeds for purposes consistent with the PPP. The Organization cannot provide assurance for forgiveness of the loan, in whole or in part. As of May 31, 2021 the Organization has reflected a liability in the amount of \$93,130.