



FIRELIGHT FOUNDATION

Financial Statements

For the Years Ended June 30, 2023 and 2022



**and
Report Thereon**



FIRELIGHT FOUNDATION

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Firelight Foundation

Opinion

We have audited the financial statements of the Firelight Foundation (Firelight), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Firelight as of June 30, 2023 and 2022, 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.

Basis for 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Firelight 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 Firelight's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 audits.
- 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 audits 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 Firelight'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 Firelight'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 audits.

Marcum LLP

Washington, DC
December 18, 2023

FIRELIGHT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,699,912	\$ 12,557,967
Prepaid expenses and other assets	56,143	109,351
Grants and pledges receivable, net	694,748	1,699,416
Investments – general	1,004,935	-
Investments – funds functioning as a quasi-endowment	12,459,564	3,133,118
Property and equipment, net of accumulated depreciation of \$18,594 and \$25,991, respectively	9,486	2,918
TOTAL ASSETS	\$ 16,924,788	\$ 17,502,770
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 106,165	\$ 108,988
Funds held for transfer of fiscal sponsorship (see Note 11)	799,191	-
Grants payable	73,200	67,804
TOTAL LIABILITIES	978,556	176,792
Net Assets		
Without donor restrictions	12,868,503	12,751,001
With donor restrictions	3,077,729	4,574,977
TOTAL NET ASSETS	15,946,232	17,325,978
TOTAL LIABILITIES AND NET ASSETS	\$ 16,924,788	\$ 17,502,770

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

FIRELIGHT FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 816,066	\$ 2,515,000	\$ 3,331,066
Investment income, net	385,784	-	385,784
Other income	3,536	-	3,536
Net assets released from restrictions:			
Satisfaction of program restrictions	4,012,248	(4,012,248)	-
TOTAL REVENUE AND SUPPORT	5,217,634	(1,497,248)	3,720,386
EXPENSES			
Program Services:			
Childhood development and education	1,870,445	-	1,870,445
Child rights and child protection	1,569,406	-	1,569,406
Total Program Services	3,439,851	-	3,439,851
Supporting Services:			
Management and general	617,427	-	617,427
Fundraising	168,663	-	168,663
Total Supporting Services	786,090	-	786,090
TOTAL EXPENSES	4,225,941	-	4,225,941
Change in net assets before transfer of fiscal sponsorship	991,693	(1,497,248)	(505,555)
Transfer of fiscal sponsorship (see Note 11)	(874,191)	-	(874,191)
CHANGE IN NET ASSETS	117,502	(1,497,248)	(1,379,746)
NET ASSETS, BEGINNING OF YEAR	12,751,001	4,574,977	17,325,978
NET ASSETS, END OF YEAR	\$ 12,868,503	\$ 3,077,729	\$ 15,946,232

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

FIRELIGHT FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 10,080,788	\$ 2,960,111	\$ 13,040,899
Investment loss, net	(496,690)	-	(496,690)
Other income	700	-	700
Net assets released from restrictions:			
Satisfaction of program restrictions	2,657,312	(2,657,312)	-
Satisfaction of time restrictions	284,412	(284,412)	-
TOTAL REVENUE AND SUPPORT	<u>12,526,522</u>	<u>18,387</u>	<u>12,544,909</u>
EXPENSES			
Program Services:			
Childhood development and education	1,045,821	-	1,045,821
Child rights and child protection	1,478,851	-	1,478,851
Ending child marriage	83,239	-	83,239
Covid-19 emergency response	49,402	-	49,402
Total Program Services	<u>2,657,313</u>	<u>-</u>	<u>2,657,313</u>
Supporting Services:			
Management and general	649,143	-	649,143
Fundraising	66,108	-	66,108
Total Supporting Services	<u>715,251</u>	<u>-</u>	<u>715,251</u>
TOTAL EXPENSES	<u>3,372,564</u>	<u>-</u>	<u>3,372,564</u>
CHANGE IN NET ASSETS	9,153,958	18,387	9,172,345
NET ASSETS, BEGINNING OF YEAR	<u>3,597,043</u>	<u>4,556,590</u>	<u>8,153,633</u>
NET ASSETS, END OF YEAR	<u>\$ 12,751,001</u>	<u>\$ 4,574,977</u>	<u>\$ 17,325,978</u>

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

FIRELIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services			Supporting Services			Total
	Childhood Development and Education	Child Rights and Child Protection	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Grants	\$ 994,890	\$ 544,416	\$ 1,539,306	\$ -	\$ -	\$ -	\$ 1,539,306
Personnel	431,307	386,186	817,493	357,628	93,888	451,516	1,269,009
Fiscal sponsorship consultants	-	439,664	439,664	-	-	-	439,664
Consulting expense	174,947	76,813	251,760	123,064	32,140	155,204	406,964
Travel, conferences and meetings	235,323	79,577	314,900	41,438	26,029	67,467	382,367
Office expenses	8,946	7,865	16,811	91,750	4,599	96,349	113,160
Other expenses	25,032	34,885	59,917	-	12,007	12,007	71,924
Occupancy	-	-	-	3,547	-	3,547	3,547
TOTAL EXPENSES	\$ 1,870,445	\$ 1,569,406	\$ 3,439,851	\$ 617,427	\$ 168,663	\$ 786,090	\$ 4,225,941

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

FIRELIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services				Supporting Services				
	Childhood Development and Education	Child Rights and Child Protection	Ending Child Marriage	COVID-19 Emergency Responses	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants	\$ 676,660	\$ 438,592	\$ -	\$ 33,654	\$ 1,148,906	\$ 16,158	\$ -	\$ 16,158	\$ 1,165,064
Personnel	195,314	502,560	-	-	697,874	394,458	49,238	443,696	1,141,570
Fiscal sponsorship consultants	-	285,843	-	-	285,843	-	-	-	285,843
Consulting expense	73,627	134,825	72,722	-	281,174	118,341	-	118,341	399,515
Travel, conferences and meetings	99,016	116,081	10,305	15,645	241,047	3,868	126	3,994	245,041
Office expenses	469	180	54	-	703	63,980	1,047	65,027	65,730
Other expenses	735	770	158	103	1,766	45,083	15,697	60,780	62,546
Occupancy	-	-	-	-	-	7,255	-	7,255	7,255
TOTAL EXPENSES	\$ 1,045,821	\$ 1,478,851	\$ 83,239	\$ 49,402	\$ 2,657,313	\$ 649,143	\$ 66,108	\$ 715,251	\$ 3,372,564

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

FIRELIGHT FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,379,746)	\$ 9,172,345
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized gains on sales of investments	(492,307)	(15,554)
Unrealized losses on investments	74,971	537,373
Depreciation	3,067	5,566
Changes in operating assets and liabilities:		
Grants and pledges receivable	1,004,668	642,356
Prepaid expenses and other assets	53,208	(69,989)
Accounts payable	(2,823)	(11,847)
Funds held for transfer of fiscal sponsorship (see Note 11)	799,191	-
Grants payable	5,396	27,683
	65,625	10,287,933
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	3,835,041	835,455
Purchases of investments	(13,749,086)	(743,500)
Purchases of property and equipment	(9,635)	(1,138)
	(9,923,680)	90,817
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES		
	(9,923,680)	90,817
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(9,858,055)	10,378,750
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	12,557,967	2,179,217
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 2,699,912	\$ 12,557,967

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

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies

Organization

The Firelight Foundation (Firelight) is a public charity that was incorporated under the laws of California in May 2010 and began operations on July 1, 2010. Firelight's mission is to identify, fund and strengthen promising community organizations that support the health, resilience and education of children in Africa.

Firelight works to address these needs through four interrelated activities: grant-making; monitoring and evaluation and technical assistance; strategic alliances; and public awareness and donor outreach. Firelight supports grassroots organizations that are strengthening the traditional safety nets of the extended family and community through a range of programs. Firelight supports these organizations by providing grants to partner organizations based on the effectiveness of their programs and the partners' potential for strengthening capacities and fostering exchange.

These activities are primarily supported by grants and contributions from individuals, corporations and foundations.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit with banks, and highly liquid investments purchased with an original maturity of three months or less.

Grants and Pledges Receivable

Grants and pledges receivable are individually analyzed for collectability. Management utilizes the allowance method to account for potentially uncollectible grants and pledge receivable. The allowance for doubtful accounts is based on management's evaluation of the outstanding contributions receivable balance. There were no allowance recorded as of June 30, 2023 and 2022 as all grants and pledges receivable are deemed collectible.

Investments

Investments consist of equity funds, fixed-income funds, and money market funds. These investments are recorded in the accompanying financial statements at fair value. Fair value is determined in accordance with current accounting guidance, as further described in Note 2. Investment income or losses (including realized and unrealized gains and losses on investments, interest, and dividends), net of investment expenses are included in investment income unless the income or loss is restricted by donor or law. Gains and losses on sales of investment assets are determined using the first-in, first out method. Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is 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 financial statements.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment

Property and equipment are stated at cost and depreciated using the straight-line method over the estimated useful lives of the respective assets, which range from three to seven years, with no salvage value. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is included in revenue or expenses in the accompanying statements of activities.

Classification of Net Assets

Firelight's net assets are reported as follows:

- Net assets without donor restrictions result from revenues derived from unrestricted contributions, investment income and other inflows of assets whose use is not limited by donor-imposed restrictions and are available for the support of Firelight's operations. The Board of Directors has designated a portion of Firelight's net assets without donor restrictions to serve as a reserve.
- Net assets with donor restrictions result from contributions that are specifically restricted by donors for various programs or for use in future periods.

Revenue Recognition

Firelight recognizes all unconditional promises to give in the period in which the commitment is made and the value is measurable. Unconditional grants and contributions received are recorded without donor restrictions or with donor restrictions depending on the existence and/or nature of donor restrictions. Amounts received that are designated for future periods or restricted for specific purposes are recorded as with donor restrictions. When a donor-stipulated time restriction expires or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows if material. The discounts on those amounts are computed using risk-free interest rates appropriate for the expected term of the promise to give. Amortization of the discount is included in grants and contributions in the accompanying statements of activities. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met. As of June 30, 2023 and 2022, Firelight had no conditional contributions yet to be recognized as contributions.

Grants Payable

Unconditional grants are recorded as expenses when approved by Firelight's Board of Directors. Multiyear grants are recorded in the accompanying financial statements at their net present value using an appropriate rate of return as of the date the grant is approved in cases in which such a discount is material. Grant funds must be used in accordance with the grant

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

1. Organization and Summary of Significant Accounting Policies (continued)

Grants Payable (continued)

agreement. If the recipient organization is unable to use the funds for the purposes stated in the grant agreement, it is required to return the funds to Firelight. The returned grants are included in other income in the accompanying statements of activities.

Functional Allocation of Expenses

The costs of providing the programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Expenses directly attributed to specific functional areas are reported as expenses of those functional areas. Salaries and related expenses are allocated based on an analysis of personnel time and effort. Certain costs have been allocated among the programs and supporting services benefited, based on analysis of direct expenses incurred on a functional basis.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. Investments and Fair Value Measurement

Firelight's investments, which include Funds Functioning as an Endowment (FFE), consisted of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Money market funds	\$ 6,665,016	\$ -
Equity funds	3,815,802	1,873,474
Fixed-income funds	<u>2,983,681</u>	<u>1,259,644</u>
Total Investments	<u>\$ 13,464,499</u>	<u>\$ 3,133,118</u>

In accordance with the accounting standards for fair value measurement for those assets and liabilities that are measured at fair value on a recurring basis, Firelight has categorized its applicable financial instruments into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest-level input that is significant to the fair value measurement of the instrument. Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Values that are based on unadjusted, quoted prices for identical assets or liabilities in active markets that are accessible. Investments valued using Level 1 inputs include those traded on active exchanges, such as the New York Stock Exchange.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

2. Investments and Fair Value Measurement (continued)

Level 2 – Values that are based on quoted prices in markets that are not active or that are based on information that is observable, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Values that are based on unobservable information for the asset or liability, including the reporting entity’s own assumptions in determining the fair value measurement.

The following table summarizes Firelight’s assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with which those measurements were made, as of June 30, 2023:

	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments:				
Equity funds:				
International – developed and emerging markets	\$ 491,339	\$ 491,339	\$ -	\$ -
Small cap blend	1,642,470	1,642,470	-	-
Large cap blend	466,970	466,970	-	-
International – large cap growth	604,956	604,956	-	-
Diversified emerging market	289,365	289,365	-	-
Infrastructure	<u>320,702</u>	<u>320,702</u>	<u>-</u>	<u>-</u>
Total Equity Funds	<u>3,815,802</u>	<u>3,815,802</u>	<u>-</u>	<u>-</u>
Fixed-income funds:				
U.S. treasury bill	504,935	504,935	-	-
Corporate bond	351,719	351,719	-	-
Domestic intermediate	483,636	483,636	-	-
Intermediate core bond	<u>1,643,391</u>	<u>1,641,391</u>	<u>-</u>	<u>-</u>
Total Fixed-Income Funds	<u>2,983,681</u>	<u>2,983,681</u>	<u>-</u>	<u>-</u>
Money market fund:				
Treasury obligation money market funds	<u>6,665,016</u>	<u>6,665,016</u>	<u>-</u>	<u>-</u>
Total Money Market Funds	<u>6,665,016</u>	<u>6,665,016</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 13,464,499</u>	<u>\$ 13,464,499</u>	<u>\$ -</u>	<u>\$ -</u>

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

2. Investments and Fair Value Measurement (continued)

The following table summarizes Firelight's assets measured at fair value on a recurring basis, aggregated by the fair value hierarchy level with which those measurements were made, as of June 30, 2022:

	Total Fair Value	Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Equity funds:				
International – developed and emerging markets	\$ 391,429	\$ 391,429	\$ -	\$ -
Mid cap blend	1,083,116	1,083,116	-	-
International – small/ mid cap	261,608	261,608	-	-
Real estate fund	<u>137,321</u>	<u>137,321</u>	-	-
Total Equity Funds	<u>1,873,474</u>	<u>1,873,474</u>	-	-
Fixed-income funds:				
Domestic intermediate	609,700	609,700	-	-
Domestic short-term	<u>649,944</u>	<u>649,944</u>	-	-
Total Fixed-Income Funds	<u>1,259,644</u>	<u>1,259,644</u>	-	-
Total Investments	<u>\$ 3,133,118</u>	<u>\$ 3,133,118</u>	<u>\$ -</u>	<u>\$ -</u>

Firelight used the following methods and significant assumptions to estimate fair value for its assets recorded at fair value:

Money market funds, equity funds and fixed-income funds – Valued using quoted prices in an active market.

3. Grants and Pledges Receivable

Grants and pledges receivable represent contributions from nonprofit organizations, corporations and individuals.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

3. Grants and Pledges Receivable (continued)

As of June 30, 2023, and 2022, all receivables were expected to be collected as follows:

	2023	2022
Less than one year	\$ 694,748	\$ 1,145,420
One to five years	-	563,454
Total Grants and Pledges Receivable	694,748	1,708,874
Less: Discount to Present Value	-	(9,458)
Grants and Pledges Receivable, Net	\$ 694,748	\$ 1,699,416

4. Grants Payable

Firelight distributes grants to various organizations. Firelight had unconditionally promised to give grant awards totaling \$73,200 and \$67,804 as of June 30, 2023 and 2022, respectively.

5. Net Assets With Donor Restrictions

As of June 30, 2023, and 2022, Firelight's net assets with donor restrictions are restricted for the following purposes or periods.

	2023	2022
Subject to expenditure for a specified purpose:		
Child development and education programs	\$ 1,497,254	\$ 1,011,298
Child rights and child protection programs	1,580,475	3,253,638
COVID-19 emergency response program	-	10,041
Family strengthening	-	300,000
Total	\$ 3,077,729	\$ 4,574,977

6. Funds Functioning as an Endowment (FFE)

Firelight's Board of Directors has formed a board-designated quasi-endowment fund. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. As a result, Firelight's endowment fund is included in unrestricted net assets, as the restrictions were imposed by the Board of Directors and not an outside donor.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

6. Funds Functioning as an Endowment (FFE) (continued)

Endowment Composition and Activity

Firelight's board-designated endowment net assets had the following activity:

	<u>2023</u>	<u>2022</u>
FFE net assets, beginning of year	\$ 3,178,212	\$ 3,905,394
Investment return:		
Interest and dividends and other income	158,808	60,540
Realized and unrealized gains (losses)	<u>246,860</u>	<u>(521,819)</u>
Total Investment Return	405,668	(461,279)
Investment fees	(31,605)	(35,903)
Additions	9,000,000	-
Appropriation of assets	<u>-</u>	<u>(230,000)</u>
FFE Net Assets, End of Year	<u>\$ 12,552,275</u>	<u>\$ 3,178,212</u>

The board-designated endowment, FFE, was composed of \$12,459,564 and \$3,133,118 held in investments as of June 30, 2023 and 2022, respectively, and \$92,922 and \$45,094 held in cash for as of June 30, 2023, and 2022, respectively.

Return Objectives and Risk Parameters

Firelight has adopted investment and spending policies for board-designated assets that attempt to provide long-term growth of capital and preservation of purchasing power of the endowment assets. Where appropriate, impact investing to provide a positive impact on social and environmental issues is used. Quasi-endowment assets are board-designated funds. Under this policy, as approved by the Board of Directors, the board-designated assets are invested to provide for a spending rate that keeps pace with inflation while protecting and growing the real value of the corpus.

Strategies Employed for Achieving Objectives

The board-designated funds are invested at least 90% in marketable securities. To ensure marketability and liquidity, equity investments are executed through nationally recognized exchanges. To provide general control over illiquidity, at least 90% of the portfolio is invested in assets with daily liquidity. Remaining assets may be invested in assets with a one-to-three-year lock-up and annual liquidity.

Spending Policy

Firelight's policy is to make available on July 1 of each year, as expendable income, an amount equal to the greater of the yearly return of the previous fiscal year or 4% of the average of the long-term reserve funds' total market value for the four quarters ending March 31 of the previous fiscal year. The Board of Directors may also authorize withdrawal of the principal of the quasi-endowment should it be determined to be in the best interest of Firelight. Firelight had \$0 and \$230,000 of invested funds "owed to" operations as of June 30, 2023 and 2022, respectively.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

7. Pension Plan

Firelight maintains a tax-deferred Savings Incentive Match Plan for Employees Individual Retirement Account plan, which is available to all eligible employees. Firelight will match employee contributions to the plan on a dollar-for-dollar basis, up to 3% of the employee's base annual earnings. Contributions are subject to certain IRS limitations. Matching contributions totaled \$6,457 and \$8,159 for the years ended June 30, 2023 and 2022, respectively, and is included in salaries and benefits in the accompanying statements of functional expenses.

8. Income Taxes

On August 10, 2010, Firelight received notification from the Internal Revenue Service that Firelight was approved for exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the IRC) and has been classified as a public charity under Section 170(b)(1)(A)(vi) of the IRC. Firelight is exempt from the payment of federal and state taxes on income other than net unrelated business income. No provision for income taxes is required for the years ended June 30, 2023 and 2022, as Firelight had no net unrelated business income.

Firelight has adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB Accounting Standards Codification Topic 740, *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Firelight evaluated its uncertainty in income taxes for the years ended June 30, 2023 and 2022, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. U.S. federal jurisdiction or the various states and local jurisdictions in which Firelight files tax returns are open for examination; however, there are currently no examinations pending or in progress. It is Firelight's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax expense. As of June 30, 2023 and 2022, Firelight had no accruals for interest and/or penalties.

9. Concentration of Credit Risk

Firelight's cash is held in accounts at certain commercial financial institutions, which aggregate balance, at times, may exceed the Federal Deposit Insurance Corporation (FDIC) insured limit per depositor per institution. As of June 30, 2023, and 2022, Firelight had approximately \$2,348,000 and \$12,258,000, respectively, composed of cash accounts, in excess of the FDIC limit. Firelight also has cash equivalents held at certain commercial financial institutions, which aggregate balance, at times, may exceed the Securities Investor Protection Corporation (SIPC) limit of \$250,000 for uninvested cash balances. As of June 30, 2023 and 2022, Firelight had no funds in excess of the SIPC coverage. Firelight monitors the creditworthiness of these institutions and has not experienced any credit losses on its cash and cash equivalents.

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NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2023 and 2022

10. Liquidity and Availability of Resources

Firelight's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at June 30:

	2023	2022
Financial Assets:		
Cash and cash equivalents	\$ 2,699,912	\$ 12,557,967
Grants receivable due within one year	694,748	1,145,420
Investments	13,464,499	3,133,118
Total Financial Assets	16,859,159	16,836,505
Less amounts not available to be used within one year:		
Board-designated cash	(92,922)	(45,094)
Board-designated investments	(12,459,564)	(3,133,118)
Less Net assets with donor restrictions	(3,077,729)	(4,574,977)
Total Financial Assets Available to Meet General Expenditures Within One Year	\$ 1,228,944	\$ 9,083,316

Firelight's primary sources of support are grants and contributions from individuals and private foundations. Most of that support is required to be used in accordance with the purpose restrictions imposed by the donors. Donor-restricted support has historically funded approximately 80% of annual program and supporting activities, with the remainder funded by contributions without donor restrictions and investment income.

Firelight also has available for spending the board-designated funds functioning as an endowment of approximately \$12,460,000. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board.

Firelight's objective is to maintain liquid financial assets without donor restrictions sufficient to cover six months of operational expenditures.

11. Children's Rights and Violence Prevention Fund Spin Off/Funds Held for Transfer of Fiscal Sponsorship

Firelight entered an agreement with Children's Rights and Violence Prevention Fund (CRVPF) to act as the fiscal sponsor. During 2023, CRVPF has spun off as a separate entity and Firelight transferred all unspent funds related to the fiscal sponsorship to CRVPF, including \$75,000 budgeted operating expenses to be spent and allocated to CRVPF, and \$799,191 unspent contribution received from one donor on behalf of CRVPF. As of June 30, 2023, Firelight paid \$75,000 to CRVPF and \$799,191 was paid on July 5, 2023 which included in funds held for transfer of fiscal sponsorship due to CRVPF in the accompanying statements of financial position as of June 30, 2023.

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NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2023 and 2022

12. Subsequent Events

Firelight's management has evaluated, for potential recognition or disclosure, events and transactions, through December 18, 2023, the date the financial statements were available to be issued. Except for subsequent event disclosed in Note 11, there were no other subsequent events that require recognition or disclosure in these financial statements.