



FIRELIGHT FOUNDATION

Financial Statements

For the Years Ended June 30, 2025 and 2024



**and
Report Thereon**



FIRELIGHT FOUNDATION

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Independent Auditors' Report

The Board of Directors of
Firelight Foundation

Opinion

We have audited the financial statements of Firelight Foundation (Firelight), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements (collectively referred to as 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, 2025, and the changes in its net assets and its cash flows for the year 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 (“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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Firelight as of and for the year ended June 30, 2024, were audited by Marcum LLP, whose report dated November 13, 2024, expressed an unmodified opinion on those statements.

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 for 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 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 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 audit.

CBIZ CPAs P.C.

Washington, DC
November 18, 2025

FIRELIGHT FOUNDATION
STATEMENTS OF FINANCIAL POSITION
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,627,202	\$ 1,617,423
Prepaid expenses and other assets	40,508	47,511
Grants and pledges receivable, net	2,032,750	1,305,770
Investments	12,493,184	12,836,440
Property and equipment, net of accumulated depreciation of \$26,495 and \$22,960, respectively	<u>4,400</u>	<u>10,136</u>
TOTAL ASSETS	<u><u>\$ 17,198,044</u></u>	<u><u>\$ 15,817,280</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 188,974	\$ 132,029
Grants payable	<u>22,000</u>	<u>-</u>
TOTAL LIABILITIES	<u>210,974</u>	<u>132,029</u>
Net Assets		
Without donor restrictions	12,718,628	12,666,404
With donor restrictions	<u>4,268,442</u>	<u>3,018,847</u>
TOTAL NET ASSETS	<u>16,987,070</u>	<u>15,685,251</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 17,198,044</u></u>	<u><u>\$ 15,817,280</u></u>

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

FIRELIGHT FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 239,427	\$ 2,992,906	\$ 3,232,333
Investment income, net	1,113,555	-	1,113,555
Other income	510	-	510
Net assets released from restrictions:			
Satisfaction of program restrictions	1,743,311	(1,743,311)	-
TOTAL REVENUE AND SUPPORT	3,096,803	1,249,595	4,346,398
EXPENSES			
Program Services:			
Childhood development and education	722,593	-	722,593
Child rights and child protection	1,595,449	-	1,595,449
Funding freeze impact on African CSOs	52,000	-	52,000
Total Program Services	2,370,042	-	2,370,042
Supporting Services:			
Management and general	444,466	-	444,466
Fundraising	230,071	-	230,071
Total Supporting Services	674,537	-	674,537
TOTAL EXPENSES	3,044,579	-	3,044,579
CHANGE IN NET ASSETS	52,224	1,249,595	1,301,819
NET ASSETS, BEGINNING OF YEAR	12,666,404	3,018,847	15,685,251
NET ASSETS, END OF YEAR	\$ 12,718,628	\$ 4,268,442	\$ 16,987,070

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

FIRELIGHT FOUNDATION
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants and contributions	\$ 169,837	\$ 1,800,000	\$ 1,969,837
Investment income, net	1,431,903	-	1,431,903
Other income	4,574	-	4,574
Net assets released from restrictions:			
Satisfaction of program restrictions	1,858,882	(1,858,882)	-
TOTAL REVENUE AND SUPPORT	3,465,196	(58,882)	3,406,314
EXPENSES			
Program Services:			
Childhood development and education	1,385,324	-	1,385,324
Child rights and child protection	1,245,859	-	1,245,859
Total Program Services	2,631,183	-	2,631,183
Supporting Services:			
Management and general	818,976	-	818,976
Fundraising	217,136	-	217,136
Total Supporting Services	1,036,112	-	1,036,112
TOTAL EXPENSES	3,667,295	-	3,667,295
CHANGE IN NET ASSETS	(202,099)	(58,882)	(260,981)
NET ASSETS, BEGINNING OF YEAR	12,868,503	3,077,729	15,946,232
NET ASSETS, END OF YEAR	<u>\$ 12,666,404</u>	<u>\$ 3,018,847</u>	<u>\$ 15,685,251</u>

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

FIRELIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2025

	Program Services				Supporting Services			
	Childhood Development and Education	Child Rights and Child Protection	Funding Freeze Impact on African CSOs	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants	\$ 284,385	\$ 718,323	\$ 52,000	\$ 1,054,708	\$ -	\$ -	\$ -	\$ 1,054,708
Personnel	306,005	658,002	-	964,007	313,524	42,511	356,035	1,320,042
Consulting expense	47,906	58,231	-	106,137	76,358	153,149	229,507	335,644
Travel, conferences and meetings	59,438	92,787	-	152,225	30,049	16,826	46,875	199,100
Office expenses	18,083	40,130	-	58,213	18,802	5,373	24,175	82,388
Other expenses	6,776	27,976	-	34,752	2	12,212	12,214	46,966
Occupancy	-	-	-	-	5,731	-	5,731	5,731
TOTAL EXPENSES	\$ 722,593	\$ 1,595,449	\$ 52,000	\$ 2,370,042	\$ 444,466	\$ 230,071	\$ 674,537	\$ 3,044,579

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

FIRELIGHT FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024

	Program Services			Supporting Services			
	Childhood Development and Education	Child Rights and Child Protection	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Grants	\$ 593,693	\$ 435,044	\$ 1,028,737	\$ -	\$ -	\$ -	\$ 1,028,737
Personnel	463,860	428,184	892,044	403,507	117,580	521,087	1,413,131
Consulting expense	118,258	74,604	192,862	323,434	67,725	391,159	584,021
Travel, conferences and meetings	113,992	175,453	289,445	54,733	11,862	66,595	356,040
Office expenses	35,696	29,907	65,603	30,870	4,454	35,324	100,927
Other expenses	59,825	102,667	162,492	-	15,515	15,515	178,007
Occupancy	-	-	-	6,432	-	6,432	6,432
TOTAL EXPENSES	\$ 1,385,324	\$ 1,245,859	\$ 2,631,183	\$ 818,976	\$ 217,136	\$ 1,036,112	\$ 3,667,295

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

FIRELIGHT FOUNDATION
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,301,819	\$ (260,981)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Realized gains on sales of investments	(148,635)	(195,295)
Unrealized gains on investments	(652,844)	(996,669)
Depreciation	5,371	5,952
Gain on disposal of fixed asset	(460)	-
Amortization of pledges discount	(53,980)	117,074
Changes in operating assets and liabilities:		
Grants and pledges receivable	(673,000)	(728,096)
Prepaid expenses and other assets	7,003	8,632
Accounts payable	56,945	25,864
Funds held for transfer of fiscal sponsorship	-	(799,191)
Grants payable	<u>22,000</u>	<u>(73,200)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(135,781)</u>	<u>(2,895,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	2,957,173	8,530,023
Purchases of investments	(1,812,438)	(6,710,000)
Proceeds from sales of fixed asset	825	-
Purchases of property and equipment	<u>-</u>	<u>(6,602)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,145,560</u>	<u>1,813,421</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,009,779	(1,082,489)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,617,423</u>	<u>2,699,912</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 2,627,202</u></u>	<u><u>\$ 1,617,423</u></u>

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

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

1. Organization and Summary of Significant Accounting Policies

Organization

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. Starting in 2025, Firelight entered into a collaborative partnership agreement with another organization for a mapping study to assess how African civil society organizations (CSO) are being affected by the recent funding changes, their strategies to navigate financial shifts, and the support they need to remain resilient.

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

Basis of Accounting and Presentation

The accompanying financial statements of Firelight have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 represent unconditional promises to give. Receivables that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows using the risk-free rate applicable to the years in which the promises are received adjusted for organizational risk. 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 grants and pledges receivable balance. There was no allowance recorded as of June 30, 2025 and 2024 as management has determined all grants and pledges receivable were deemed fully collectible.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

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

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 the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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 on the accompanying statements of activities. 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.

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. A portion of Firelight's net assets without donor restrictions have been designated by Firelight's Board to function as an endowment.
- Net assets with donor restrictions result from contributions that are specifically restricted by donors for various programs or for use in future periods. These donor restrictions can be temporary in nature in that they will be met by Firelight's activities or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor stipulated that the funds must be maintained in perpetuity. As of June 30, 2025 and 2024, Firelight had no net assets that were required to be maintained in perpetuity.

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.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS **For the Years Ended June 30, 2025 and 2024**

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

Revenue Recognition (continued)

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. 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. Revenue recognized on these grants and contributions is reflected as grants and contributions with donor restrictions and reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. As of June 30, 2025 and 2024, 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 agreement. Certain future grant payments, which have been promised by Firelight, are contingent upon the recipient organization's achievement of certain goals or milestones.

As of June 30, 2025 and 2024, the conditional grants awarded totaling approximately \$1,188,000 and \$285,000, respectively, are not included in grants payable due to the conditions stated in the grant awards have not yet been met. 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. Any 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.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

2. Investments and Fair Value Measurement

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

	<u>2025</u>	<u>2024</u>
Equity mutual funds	\$ 7,046,536	\$ 7,803,136
Fixed-income mutual funds	4,482,740	5,033,304
Money market funds	<u>963,908</u>	<u>-</u>
Total Investments	<u>\$ 12,493,184</u>	<u>\$ 12,836,440</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.

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.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

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, 2025:

	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 mutual funds:				
International – developed and emerging markets	\$ 711,788	\$ 711,788	\$ -	\$ -
Small cap blend	416,782	416,782	-	-
Large cap blend	3,958,437	3,958,437	-	-
International – large cap growth	946,640	946,640	-	-
Diversified emerging market	668,987	668,987	-	-
Infrastructure	<u>343,902</u>	<u>343,902</u>	<u>-</u>	<u>-</u>
Total Equity Mutual Funds	<u>7,046,536</u>	<u>7,046,536</u>	<u>-</u>	<u>-</u>
Fixed-income mutual funds:				
Domestic intermediate	1,112,086	1,112,086	-	-
Intermediate core bond	<u>3,370,654</u>	<u>3,370,654</u>	<u>-</u>	<u>-</u>
Total Fixed-Income Mutual Funds	<u>4,482,740</u>	<u>4,482,740</u>	<u>-</u>	<u>-</u>
Money market fund:				
Treasury obligation money market funds	<u>963,908</u>	<u>963,908</u>	<u>-</u>	<u>-</u>
Total Money Market Funds	<u>963,908</u>	<u>963,908</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 12,493,184</u>	<u>\$ 12,493,184</u>	<u>\$ -</u>	<u>\$ -</u>

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

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, 2024:

	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 mutual funds:				
International – developed and emerging markets	\$ 824,189	\$ 824,189	\$ -	\$ -
Small cap blend	3,528,134	3,528,134	-	-
Large cap blend	1,048,527	1,048,527	-	-
International – large cap growth	1,011,705	1,011,705	-	-
Diversified emerging market	704,194	704,194	-	-
Infrastructure	<u>686,387</u>	<u>686,387</u>	<u>-</u>	<u>-</u>
Total Equity Mutual Funds	<u>7,803,136</u>	<u>7,803,136</u>	<u>-</u>	<u>-</u>
Fixed-income mutual funds:				
Corporate bond	363,622	363,622	-	-
Domestic intermediate	1,087,469	1,087,469	-	-
Intermediate core bond	<u>3,582,213</u>	<u>3,582,213</u>	<u>-</u>	<u>-</u>
Total Fixed-Income Mutual Funds	<u>5,033,304</u>	<u>5,033,304</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 12,836,440</u>	<u>\$ 12,836,440</u>	<u>\$ -</u>	<u>\$ -</u>

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

Equity mutual funds, fixed-income mutual funds and money market funds – Valued using quoted prices in an active market.

3. Grants and Pledges Receivable

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

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

3. Grants and Pledges Receivable (continued)

As of June 30, 2025, and 2024, all receivables were expected to be collected as follows:

	<u>2025</u>	<u>2024</u>
Less than one year	\$ 977,644	\$ 551,044
One to five years	<u>1,118,200</u>	<u>871,800</u>
Total Grants and Pledges Receivable	2,095,844	1,422,844
Less: Discount to Present Value	<u>(63,094)</u>	<u>(117,074)</u>
Grants and Pledges Receivable, Net	<u>\$ 2,032,750</u>	<u>\$ 1,305,770</u>

The discount rates used range from 4.68% to 5.22%.

4. Grants Payable

Firelight distributes grants to various organizations. Firelight had unconditionally promised to give grant awards totaling \$22,000 as of June 30, 2025.

5. Net Assets With Donor Restrictions

As of June 30, 2025, and 2024, Firelight's net assets with donor restrictions are restricted for the following purposes or periods.

	<u>2025</u>	<u>2024</u>
Subject to expenditure for a specified purpose:		
Child development and education programs	\$ 1,727,402	\$ 1,080,489
Child rights and child protection programs	<u>2,541,040</u>	<u>1,938,358</u>
Total	<u>\$ 4,268,442</u>	<u>\$ 3,018,847</u>

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 net assets without donor restrictions, 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, 2025 and 2024

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

Endowment Composition and Activity

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

	<u>2025</u>	<u>2024</u>
FFE net assets, beginning of year	\$ 12,873,661	\$ 12,552,275
Investment return:		
Interest and dividends and other income	402,024	375,955
Realized and unrealized gains	<u>801,479</u>	<u>1,147,103</u>
Total Investment Return	1,203,503	1,523,058
Investment fees	(90,552)	(101,672)
Appropriation of assets	<u>(1,500,000)</u>	<u>(1,100,000)</u>
FFE Net Assets, End of Year	<u>\$ 12,486,612</u>	<u>\$ 12,873,661</u>

The board-designated endowment, FFE, was composed of \$12,467,777 and \$12,836,440 held in investments as of June 30, 2025 and 2024, respectively, and \$18,835 and \$37,221 held in cash for as of June 30, 2025, and 2024, 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 in at least 90% 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 FOUNDATION

NOTES TO FINANCIAL STATEMENTS **For the Years Ended June 30, 2025 and 2024**

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 \$5,486 and \$5,325 for the years ended June 30, 2025 and 2024, respectively, and is included in personnel in the accompanying statements of functional expenses.

8. Income Taxes

Firelight qualifies as a tax exempt organization 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, 2025 and 2024, as Firelight had no net unrelated business income.

Firelight evaluated its uncertainty in income taxes for the years ended June 30, 2024 and 2023, 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, 2025 and 2024, Firelight had no accruals for interest and/or penalties.

9. Risks

Credit Risks

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, 2025, and 2024, Firelight had approximately \$2,358,000 and \$1,304,000, 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, 2025 and 2024, Firelight had approximately \$464,000 and \$0, respectively, of 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.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS For the Years Ended June 30, 2025 and 2024

9. Risks (continued)

Concentration Risk

Firelight earned revenue totaling approximately \$3,060,000 from two donors, which represented approximately 70% of the total support for the year ended June 30, 2025. There were two donors with balances totaling approximately \$2,010,000, which represented approximately 99% of the total grants and pledges receivable balance as of June 30, 2025.

Firelight earned revenue totaling \$1,632,926 from one donor, which represented approximately 48% of the total support for the year ended June 30, 2024. All the grants and pledges receivable balance as of June 30, 2024 was related to this donor.

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:

	<u>2025</u>	<u>2024</u>
Financial Assets:		
Cash and cash equivalents	\$ 2,627,202	\$ 1,617,423
Grants receivable due within one year	977,644	551,044
Investments	<u>12,493,184</u>	<u>12,836,440</u>
Total Financial Assets	16,098,030	15,004,907
Less: Amounts not available to be used within one year:		
Board-designated cash	(18,835)	(37,221)
Board-designated investments	(12,467,777)	(12,836,440)
Less: Net assets with donor restrictions	(4,268,442)	(3,018,847)
Plus: Net assets expected to be released from restrictions within a year	1,773,000	1,700,000
Plus: Estimated endowment appropriation for next year	<u>1,205,000</u>	<u>1,100,000</u>
Total Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 2,320,976</u>	<u>\$ 1,912,399</u>

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 72% of annual program and supporting activities, with the remainder funded by contributions without donor restrictions and an annual draw from the FFE as approved by the Board of Directors as part of the annual budgeting process. Firelight has only considered the amounts that have been budgeted to be drawn from investments as financial assets available to meet general expenditures within one year, however, additional investment income could be allocated to operations with Board approval, if necessary. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board.

FIRELIGHT FOUNDATION

NOTES TO FINANCIAL STATEMENTS **For the Years Ended June 30, 2025 and 2024**

10. Liquidity and Availability of Resources (continued)

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

11. Subsequent Events

Firelight's management has evaluated, for potential recognition or disclosure, events and transactions, through November 18, 2025, the date the financial statements were available to be issued. There were no other subsequent events that require recognition or disclosure in these financial statements.