

GLASS AXIS, INC.

FINANCIAL STATEMENTS

JUNE 30, 2023 and 2022

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Independent Auditors' Report

To the Members and Board of Trustees
Glass Axis, Inc. (Hereafter "Glass Axis"),

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Glass Axis, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Glass Axis, Inc., as of June 30, 2023, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are required to be independent of Glass Axis and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP); 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 Glass Axis Inc.'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 auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually, or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Neighborhood Services Inc.'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 Glass Axis Inc.'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.

Prior Period Financial Statements

We have previously audited Glass Axis Inc.'s 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.


December 5, 2022

Glass Axis, Inc.

Statement of Financial Position
as of June 30, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
Current Assets		
Cash	\$ 70,396	\$ 154,894
Accounts Receivable, Net allowance (\$5,766)	28,343	18,515
Grant Receivable	110,869	97,956
Work Credit	9,497	7,116
Deposits	24,684	4,357
Prepaid Expenses	8,559	1,590
Total Current Assets	<u>252,348</u>	<u>284,428</u>
Fixed Assets		
Equipment	303,674	295,674
Capital Lease Copier	5,213	5,213
Leasehold Improvements	756,905	735,339
	<u>1,065,792</u>	<u>1,036,226</u>
Accumulated Depreciation	598,745	525,461
Net Equipment	<u>467,047</u>	<u>510,765</u>
Other Assets		
Right-to-Use Asset (Net of \$74,346 amortization)	567,189	-
Private Art Collection	69,050	58,750
Total Other Assets	<u>636,239</u>	<u>58,750</u>
Total Assets	<u>\$ 1,355,634</u>	<u>\$ 853,943</u>

Glass Axis, Inc.

Statement of Financial Position
as of June 30, 2023

	<u>2023</u>	<u>2022</u>
<u>LIABILITIES</u>		
Current Liabilities		
Accounts Payable	\$ 23,135	\$ 12,172
Credit Card Payable	12,370	15,072
Deferred Revenue	8,536	24,700
Gift Certificates	53,673	32,756
Notes Payable (Current Portion)	64,845	59,509
Copier Lease (Current Portion)	385	1,121
Right-to-Use Liability (Current Portion)	122,488	-
Accrued Expenses	7,170	6,008
Total Current Liabilities	<u>292,602</u>	<u>151,338</u>
Long Term Liabilities		
Copier Lease (Net of Current Portion)	-	385
Right-to-Use Liability (Net of Current Portion)	457,539	-
Notes Payable (Net of Current Portion)	78,883	120,039
Total Other Liabilities	<u>536,422</u>	<u>120,424</u>
Total Liabilities	<u>829,024</u>	<u>271,762</u>
<u>NET ASSETS</u>		
Net Assets		
Without Donor Restrictions	385,102	458,445
With Donor Restrictions	141,508	123,736
Total Net Assets	<u>526,610</u>	<u>582,181</u>
Total Liabilities and Net Assets	<u>\$ 1,355,634</u>	<u>\$ 853,943</u>

Glass Axis, Inc.

Statements of Activities
For the year ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2023</u>
Revenues And Other Support			
Art Sales	\$ 174,371	-	\$ 174,371
Class Fees	246,972	-	246,972
Rental Income	84,746	-	84,746
Contributions	17,104	-	17,104
Grants	31,729	141,508	173,237
Membership Revenue	4,641	-	4,641
Private Events	-	-	-
Miscellaneous	3,232	-	3,232
In-Kind Contributions	10,300	-	10,300
Fundraising (Net)	7,748	-	7,748
Interest	8	-	8
Paycheck Protection Program Loan Forgiveness	-	-	-
Net Assets Released From Restrictions	<u>123,736</u>	<u>(123,736)</u>	<u>-</u>
Total Revenues And Other Support	704,587	17,772	722,359
Expenses			
Program	595,713	-	595,713
Administrative	160,559	-	160,559
Fundraising	<u>21,658</u>	<u>-</u>	<u>21,658</u>
Total Expenses	<u>777,930</u>	<u>-</u>	<u>777,930</u>
Increase (Decrease) In Net Assets	(73,343)	17,772	(55,571)
Net Assets, Beginning Of Year	<u>458,445</u>	<u>123,736</u>	<u>582,181</u>
Net Assets, End Of Year	<u>\$ 385,102</u>	<u>\$ 141,508</u>	<u>\$ 526,610</u>

Glass Axis, Inc.

Statements of Activities
For the year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>
Revenues And Other Support			
Art Sales	\$ 185,018	-	\$ 185,018
Class Fees	174,893	-	174,893
Rental Income	78,479	-	78,479
Contributions	16,602	-	16,602
Grants	18,762	406,398	425,160
Membership Revenue	8,299	-	8,299
Private Events	935	-	935
Miscellaneous	15,309	-	15,309
In-Kind Contributions	-	-	-
Fundraising	1,634	-	1,634
Interest	33	-	33
Paycheck Protection Program Loan Forgiveness	34,062	-	34,062
Net Assets Released From Restrictions	347,188	(347,188)	-
Total Revenues And Other Support	881,214	59,210	940,424
Expenses			
Program	555,171	-	555,171
Administrative	149,085	-	149,085
Fundraising	19,183	-	19,183
Total Expenses	723,439	-	723,439
Increase (Decrease) In Net Assets	157,776	59,210	216,986
Net Assets, Beginning of Year	300,670	64,526	365,196
Net Assets, End Of Year	<u>\$ 458,446</u>	<u>\$ 123,736</u>	<u>\$ 582,182</u>

Glass Axis, Inc.

Statements of Functional Expenses
For the year ended June 30, 2022 with Comparative Totals for June 30, 2021

	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>	<u>Total 2023</u>	<u>Total 2022</u>
Payroll and Employee Benefits	\$ 157,600	\$ 29,550	\$ 9,850	\$ 197,000	\$ 178,270
Artist Commission	77,551	-	-	77,551	75,607
Artists and Instructor Fees	67,274	-	-	67,274	54,624
Utilities	50,979	9,558	3,186	63,723	68,044
Repairs and Maintenance	27,637	-	-	27,637	17,254
Shop Supplies	44,911	-	-	44,911	72,305
Postage	-	276	-	276	1,613
Office Supplies	4,692	880	293	5,865	6,614
Real Estate Tax	-	10,778	-	10,778	9,673
Travel	-	5,344	-	5,344	5,449
Dues and Subscriptions	-	1,856	-	1,856	2,783
Conferences and Workshops	-	5,530	-	5,530	5,073
Marketing and Promotion	-	10,695	-	10,695	18,493
Interest	-	12,035	-	12,035	12,884
Public Events	2,654	-	-	2,654	3,488
Professional Fees	-	18,607	-	18,607	14,850
Insurance	15,169	2,844	948	18,961	8,926
Bank/Administrative Fees	13,003	319	-	13,322	7,711
Program Ticketing Fees	16,139	-	-	16,139	24,968
Depreciation	58,627	10,993	3,664	73,284	71,051
Bad Debts	-	4,426	-	4,426	-
Board Expenses	-	752	-	752	662
Amortization	59,477	11,152	3,717	74,346	662
Interest on right-to-use liability	-	14,918	-	14,918	-
Miscellaneous	-	10,046	-	10,046	8,453
Total Expenses	<u>\$ 595,713</u>	<u>\$ 160,559</u>	<u>\$ 21,658</u>	<u>\$ 777,930</u>	<u>\$ 724,101</u>

Glass Axis, Inc.

Statements of Functional Expenses
For the year ended June 30, 2021

	<u>Program</u>	<u>Admin</u>	<u>Fundraising</u>	<u>Total 2022</u>
Payroll and Employee Benefits	\$ 142,618	\$ 26,739	\$ 8,913	\$ 178,270
Payroll Taxes	-	-	-	-
Employee Benefits	-	-	-	-
Artist Commission	75,607	-	-	75,607
Artists and Instructor Fees	54,624	-	-	54,624
Rent	40,600	7,613	2,538	50,751
Utilities	54,435	10,207	3,402	68,044
Work Credit	-	-	-	-
Repairs and Maintenance	17,254	-	-	17,254
Shop Supplies	72,305	-	-	72,305
Postage	-	1,613	-	1,613
Office Supplies	5,291	992	331	6,614
Real Estate Tax	-	9,673	-	9,673
Travel	-	5,449	-	5,449
Dues and Subscriptions	-	2,783	-	2,783
Conferences and Workshops	-	5,073	-	5,073
Marketing and Promotion	-	18,493	-	18,493
Interest	-	12,884	-	12,884
Public Events	3,488	-	-	3,488
Professional Fees	-	14,850	-	14,850
Insurance	7,141	1,339	446	8,926
Bank/Administrative Fees	-	7,711	-	7,711
Depreciation	56,840	10,658	3,553	71,051
Bad Debts	-	-	-	-
Program Ticketing Fees	24,968	-	-	24,968
Board Expenses	-	662	-	662
Loss on Disposal of Assets	-	3,893	-	3,893
Miscellaneous	-	8,453	-	8,453
Total Expenses	\$ 555,171	\$ 149,085	\$ 19,183	\$ 723,439

Glass Axis, Inc.

Statements of Cash Flows
For the year ended June 30, 2023

	<u>2023</u>	<u>2022</u>
Increase (Decrease) in Net Assets	\$ (55,571)	\$ 216,985
Adjustments to reconcile change in net assets to net cash (used) by operating activities:		
Depreciation	73,284	71,050
(Increase) in Grants Receivable	(12,913)	(58,971)
(Increase) in Accounts Receivable	(9,828)	(3,035)
Increase (Decrease) in Prepaid Expenses	(6,969)	647
(Increase) in Deposits	(20,327)	-
Increase (Decrease) in Accounts Payable	10,963	(2,225)
(Increase) in Work Credit	(2,381)	(7,116)
Increase (Decrease) in Credit Card Payable	(2,702)	12,105
Increase (Decrease) in Deferred Revenue	(16,164)	16,324
(Increase) in Right-to-Use Asset (Net of Amortization)	(567,189)	-
Increase in Gift Certificates	20,917	16,842
Increase in Accrued Expenses	1,162	1,149
Net Cash (Used) by Operating Activities	<u>(587,718)</u>	<u>263,755</u>
Cash Flows from Financing Activities		
(Payments) on Copier Lease Payable	(1,121)	(1,073)
Increase (Decrease) in Right-to-Use Liability	580,027	-
(Payments) on Notes Payable	(35,820)	(70,654)
Net Cash (Used) by Financing Activities	<u>543,086</u>	<u>(105,789)</u>
Cash Flows From Investing Activities		
Fixed Asset Additions (Disposals)	(29,566)	(121,206)
Net Cash (Used) by Operating Activities	<u>(39,866)</u>	<u>(49,994)</u>
Net Increase (Decrease) in Cash	(84,498)	107,972
Beginning Cash	<u>154,894</u>	<u>46,922</u>
Ending Cash	<u>\$ 70,396</u>	<u>\$ 154,894</u>

Glass Axis, Inc.

Notes to Financial Statements June 30, 2023 and 2022

Note 1 - Description of Activities and Summary of Significant Accounting Policies

Description of Activities

Glass Axis, Inc. ("Glass Axis"), a not-for-profit corporation, was founded in 1987 and provides artists, students, and the public with the tools necessary to create innovative works in glass while learning, sharing and teaching the art form to others.

At Glass Axis, member artists have access to affordable glass blowing, glass fusing, torch working, cold working, stained glass and neon facilities. In addition, members can exhibit and sell their works at the center, participate in public events and art sales, and teach those who want to learn about the craft and/or improve their skills.

Principles of Accounting

The financial statements of Glass Axis have been prepared on the accrual basis in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables and other liabilities.

Basis of Presentation

The Organization has adopted Financial Accounting Standards Board (FASB) ASC 2014-09: clarifying the scope and the accounting guidance for contributions received and contributions made (ASU 2018-08). They both establish standards for characterizing grants and similar contracts with resource providers as either exchange transactions or conditional contributions. The impact of the above mentioned standards were determined to have no impact on the financial statements for the current year.

The Organization has also adopted ASC 958-10-65-1, "Not-For-Profit Entities – Presentation of Financial Statements". Under ASC 958-10-65-1, The Organization is required to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions, and net assets with donor restrictions.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Note 1 - Description of Activities and Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Financial Accounting Standards Board ("FASB") has issued Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers", which provides a single comprehensive accounting standard for revenue recognition for contracts with customers and supersedes previous industry-specific guidance.

The Organization has numerous revenue streams impacted by the implementation of ASC 606, including revenue transactions related to class fees, art sales, and equipment rental. With consideration to ASC 606, the Organization recognizes revenue at the point in time at which performance obligations are satisfied. Prepayment for goods/services are reflected as deferred revenue until the point in time which revenue is earned.

The ASU 958 (Updated) has modified the revenue recognition regarding contribution, which are effective for the reporting year beginning July 1, 2020. The modified standard stipulates that a contribution is recognized as unconditional and therefore recognized as revenue if any donor-imposed conditions are met (barriers and right of return to contributor or release from obligation by the donor.) The organization believes that all contributions recognized meet the modified standards as unconditional. Prior to implementation of ASU 958 (Update) the organization was recognizing its revenue under the originally issued ASU 958.

Cash and Cash Equivalents

For purposes of the statement of cash flows, Glass Axis considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Donated Goods, Services and Assets

A substantial number of unpaid volunteers have made significant contributions of their time to Glass Axis. The value of these services as well as other donated goods and services are not reflected in these statements since they are not susceptible to objective measurement or valuation. Donated assets are noncash donations, which are recorded as contributions at their estimated fair values at the date of donation.

Grants and Accounts Receivable

Grants and Accounts Receivables are stated at the amount the Organization expects to collect from outstanding balances. When considered necessary, the Organization provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. As of June 30, 2023, and 2022, an allowance for doubtful accounts of \$5,766 and \$1,340, respectively, was reserved for on the statement of financial position.

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Property and Equipment

Purchased capital assets are carried at cost, less accumulated depreciation. Donated capital assets are carried at the fair market value of the assets donated on the date the donation is made. Depreciation is computed based on the estimated useful life of the assets using the straight-line method. When capital assets are sold or retired, the cost and related accumulated depreciation are removed from the accounts with any gain or loss reflected in operations. Maintenance and repairs are expensed as incurred. Depreciation expense for the year ended June 30, 2023 and 2022 totaled \$73,284 and \$71,050, respectively.

Use of Estimates

The Organization uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, the Organization evaluates the estimates and assumptions based on new information. The Organization believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

Collection Items

Collection items consist of art objects that are held for educational and curatorial purposes. Each of the items is cataloged, preserved, and cared for, and kept unencumbered, and the activities verifying their existence and assessing their condition are performed continuously.

Collection items purchased by Glass Axis are recorded at cost, and collection items donated to the Organization are recorded at fair value, based on the estimated market value at the date of donation. Gains and losses from sales or disposals of collection items are reported as changes in net assets based on the absence or existence of donor-imposed restrictions.

Deferred Revenue

With respect to ASC 606, deferred income is handled in the following manner:

Income from equipment rental, space rental, and class tuition is deferred and recognized in the year in which the event takes place, at which point revenue is earned. Deferred revenue is comprised of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Deferred Equipment/Space Rental/Shop Time	\$8,356	\$5,452
Deferred Class Tuition	--	<u>19,247</u>
Total Deferred Revenue	<u>\$8,356</u>	<u>\$24,700</u>

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Description of Activities and Summary of Significant Accounting Policies (Continued)

Gift Cards

Gift card sales are recorded as a liability at the point of sale. Gift card revenue is recognized at the point in time at which the customer redeems the gift card. Gift card liability balance is comprised of gift cards issued but not yet redeemed as of year-end.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

Federal Income Tax

Glass Axis is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and application state law, except on net income derived from unrelated business activities. Glass Axis has no obligation for any unrelated business income tax for the year ended June 30, 2022, and, accordingly, no income tax expense is recorded in the financial statements for the fiscal year then ended.

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, Glass Axis may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of Glass Axis and various positions related to the potential sources of UBIT. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2023.

Glass Axis files its forms 990 in the U.S. federal jurisdiction and the office of the state's attorney general for the State of Ohio. Glass Axis is generally no longer subject to examination by the Internal Revenue Service for years before June 30, 2018.

Note 2 - Advertising Costs

Glass Axis uses advertising to promote its programs among the audience it serves. Advertising costs are expensed as incurred. Advertising costs for the year ended June 30, 2023, and 2022 totaled \$10,695 and \$18,493, respectively.

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 3 -Concentration of Credit Risk

Glass Axis holds its cash in various accounts. There is a possibility that they could go over the federally insured limit of \$250,000 on all interest-bearing accounts. All non-interest-bearing deposit accounts are fully insured through FDIC. As of and for the year ended June 30, 2022 and 2021, Glass Axis did not exceed these federally insured limits.

For the year ended June 30, 2023, Glass Axis received \$246,972 (approximately 34% of its revenue) from class tuition for classes held at their space, and \$174,371 (approximately 24% of its revenue) from art sales held at their space and within the community. Additionally, Glass Axis received \$122,557 (approximately 17% of its revenue) from the Greater Columbus Arts Council.

For the year ended June 30, 2022, Glass Axis received \$174,893 (approximately 19% of its revenue) from class tuition for classes held at their space, and \$185,018 (approximately 20% of its revenue) from art sales held at their space. Additionally, for the year ended June 30, 2022, Glass Axis received \$232,617 (approximately 25% of its revenue) from the Small Business Association's Shuttered Venue Operators Grant program.

A significant reduction in these activities or in funding from this grantor could have a significant impact on the sustainability of the organization.

Note 4 -Grants and Accounts Receivable

As of June 30, 2023 and 2022 the grants receivable balance on the statement of financial position consists of the following:

<u>Grantor</u>	<u>6/30/23</u> <u>Balance</u>	<u>6/30/22</u> <u>Balance</u>
Greater Columbus Arts Council	\$91,918	\$77,341
Columbus Foundation	<u>18,951</u>	<u>20,615</u>
Total	<u>\$110,869</u>	<u>\$97,956</u>

Glass Axis does not discount grants receivable that are to be collected in one year or less. These grants are expected to be fully collectible.

As of June 30, 2023 and 2022, the accounts receivable balance consists of amounts owed to Glass Axis by members for equipment rental, facilities rental, and class tuition. Accounts receivable reflected on the statement of financial position consists of the following:

	<u>6/30/23</u> <u>Balance</u>	<u>6/30/22</u> <u>Balance</u>
Accounts Receivable	\$34,109	\$19,856
Allowance for Doubtful Accounts	<u>(5,766)</u>	<u>(1,340)</u>
Total	<u>\$28,343</u>	<u>\$ 18,515</u>

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 5 – **Liquidity**

The following reflects the Organization’s financial assets as of the date of the statements of financial position. Financial assets at year-end are reduced by amounts not available for general use due to donor-imposed restrictions that will not expire within one year of the financial position date. Donor restricted amounts that will become available for general use within the year subsequent to June 30, 2023 and 2022 are detailed below:

	<u>2023</u>	<u>2022</u>
Financial Assets at Year-End	<u>\$271,365</u>	<u>\$271,365</u>
Financial Assets Available for Use Within One Year	<u>\$271,365</u>	<u>\$271,365</u>

The Organization defines financial assets as Cash, Grants Receivable, and Accounts Receivable.

	<u>2023</u>	<u>2022</u>
Cash	\$ 70,396	\$154,894
Grants Receivable	110,869	97,956
Accounts Receivable	<u>28,343</u>	<u>18,515</u>
	<u>\$209,608</u>	<u>\$271,365</u>

Note 6 – **Capital Lease**

In November 2018, the Organization acquired copier equipment under a non-cancellable lease agreement which requires monthly payments of \$97.19 through October 2023, including interest imputed at 4.5%.

Future minimum lease payments due under this lease are as follows as of June 30, 2023:

	<u>Balance</u>	<u>Short Term</u>	<u>Long Term</u>
Copier Lease			
Inception Value of \$5,213. Payments due monthly at \$97.19 for 60 months. Includes imputed interest of 4.5%	\$ 385	\$ 385	\$ ---
	<u>\$ 385</u>	<u>\$ 385</u>	<u>\$ ---</u>

Future minimum lease payments due under this lease are as follows as of June 30, 2022:

	<u>Balance</u>	<u>Short Term</u>	<u>Long Term</u>
Copier Lease			
Inception Value of \$5,213. Payments due monthly at \$97.19 for 60 months. Includes imputed interest of 4.5%	\$ 1,506	\$ 1,121	\$ 385
	<u>\$ 1,506</u>	<u>\$ 1,121</u>	<u>\$ 385</u>

Interest expense on the capital lease obligation was \$45 and \$95 for the years ended June 30, 2023, and 2022, respectively.

The leased assets are included in the financial statements as follows at June 30:

	<u>2023</u>	<u>2022</u>
Cost Included in Equipment	\$5,213	\$5,213
Less Accumulated Depreciation	<u>(4,822)</u>	<u>(3,779)</u>
Net Book Value	<u>\$ 391</u>	<u>\$1,434</u>

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 7 – Notes Payable

Notes Payable as of June 30, 2023 consist of the following:

2023

Note payable to JLK Financial LLC of \$500,000, with annual interest rate of 3.5% compounded monthly. Note was originally due September 2024, however in April 2020, the lender granted Glass Axis a moratorium on note payments through January 21, 2021, effectively extending the due date of the note to May 2025. Principal and interest payments of \$5,404 are made monthly (aside from moratorium period). The note is secured by all equipment, furniture, fixtures, inventory, leasehold improvements, and other personal property on its premises at 610 W. Town Street, Columbus, Ohio.

\$143,728

Less: Current Portion

(64,845)

\$78,883

Notes Payable as of June 30, 2022 consist of the following:

2022

Note payable to JLK Financial LLC of \$500,000, with annual interest rate of 3.5% compounded monthly. Note was originally due September 2024, however in April 2020, the lender granted Glass Axis a moratorium on note payments through January 21, 2021, effectively extending the due date of the note to May 2025. Principal and interest payments of \$5,404 are made monthly (aside from moratorium period). The note is secured by all equipment, furniture, fixtures, inventory, leasehold improvements, and other personal property on its premises at 610 W. Town Street, Columbus, Ohio.

\$179,548

Less: Current Portion

(59,509)

\$120,039

Note 8 -In-Kind Donations

The fair values of in-kind donations consist of the following at the fiscal year ended June 30:

	<u>2023</u>	<u>2022</u>
Private Collection Art Pieces	<u>\$10,300</u>	<u>\$---</u>
Total	<u>\$10,300</u>	<u>\$---</u>

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 9 - Net Assets with Donor Restrictions

Activity for the year ended June 30, 2023 is summarized as outlined below:

<u>Grant</u>	<u>Beginning Balance</u>	<u>New Gifts</u>	<u>Released</u>	<u>Ending Balance</u>
Columbus Foundation	\$20,615	\$18,951	\$(20,615)	\$18,951
GCAC – FY 2023	103,121	---	(103,121)	---
GCAC – FY 2024	---	<u>122,557</u>	---	<u>122,557</u>
	<u>\$123,736</u>	<u>\$141,508</u>	<u>\$(123,736)</u>	<u>\$141,508</u>

Activity for the year ended June 30, 2022 is summarized as outlined below:

<u>Grant</u>	<u>Beginning Balance</u>	<u>New Gifts</u>	<u>Released</u>	<u>Ending Balance</u>
GCAC (6/1/21-12/31/21)	\$36,273	\$---	\$(36,273)	\$---
Columbus Foundation	28,253	20,615	(28,253)	20,615
GCAC Phase II (1/1/22-6/30/22)	---	50,024	(50,024)	---
SBA – Shuttered Venue Operators	---	232,637	(232,637)	---
GCAC – FY 2023	---	<u>103,121</u>	---	<u>103,121</u>
	<u>\$64,525</u>	<u>\$173,760</u>	<u>\$(114,550)</u>	<u>\$123,736</u>

Note 10 – Paycheck Protection Program

Glass Axis has recognized \$0 and \$34,062 of loan forgiveness income from the Small Business Administration (SBA) Paycheck Protection Program for the years ended June 30, 2023 and 2022, respectively. The June 30, 2022 loan balance was originally reflected as a note payable on the statement of financial position, and was recognized as income after Glass Axis was notified of loan forgiveness during the year.

Note 4 – Lease Commitments

During the fiscal year ended June 30, 2023, the Organization implemented Leases (Topic 842), which stipulates that lease terms greater than one year must now be recognized at the present value of the lease payments as a right-to-use asset, and a corresponding lease obligation as a liability.

In a April 2014, Glass Axis entered into a lease for an operating space. The lease term ran through 2024, and required a security deposit of \$4,357 to secure its facility at 610 W. Town Street. The lease provided Glass Axis with 12,500 feet of space, and contained a renewal option at the end of the initial period. For the term of the lease, Glass Axis pays a base rent of \$3.50 per square foot, or \$3,949 monthly. As part of the lease, the Organization is also responsible for common area maintenance changes, property taxes, and insurance costs.

In May 2016, Glass Axis added an additional 2,000 square feet of space at the site for a total leased space of 14,500 square feet. Base rent per square foot remained the same and total base rent increased to \$4,229 per month.

Glass Axis, Inc.

Notes to Financial Statements
June 30, 2023 and 2022

Note 9 -Lease Commitments (Continued)

Prior to year-end 2023, the Organization was informed of the property being redeveloped, and that the lease renewal option would not be available. Given that the remaining lease term ends in March of 2024, the lease is not subject to Leases (Topic 842.)

Total rent expense related to this lease totaled \$50,750 for the years ended June 30, 2023 and 2022. Future required minimum rental payments to be made under the lease are as follows for the fiscal years ending June 30:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2024	<u>38,061</u>
	<u>\$38,061</u>

During April 2023, the Organization entered into a 5-year lease for a new operating space. The lease required a security deposit of \$20,347 to secure it's facility at 2117 S. High Street. The lease stipulates rent due in monthly installments of \$8,559 for the first year, \$9,629 for the second year, \$10,698 for the third year, \$11,233 for the fourth year, and \$11,768 for the fifth year. Subsequent to year-end, the Organization determined that the lease would be terminated, and hence, is not subject to Leases (Topic 842).

Total rent expense related to this lease totaled \$25,6377 for the year ended June 30, 2023. Future required minimum rental payments to be made under the lease are as follows for the fiscal years ending June 30:

<u>Year Ending</u>	<u>Amount</u>
June 30, 2024	<u>\$51,354</u>
	<u>\$51,354</u>

Note 12- Subsequent Events

Subsequent events were evaluated through December 5, 2023 which is the financial statement issuance date.