

GlassRoots, Inc.
Financial Statements
June 30, 2025 and 2024

GlassRoots, Inc.
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June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors

GlassRoots, Inc.

Opinion

We have audited the accompanying financial statements of GlassRoots, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2025, and the related statement of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2025, and the results of its activities and 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements of New Jersey OMB Circular 15-08. 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of GlassRoots, Inc. as of June 30, 2024, were audited by another auditor whose report dated January 8, 2025, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date of 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 generally accepted auditing standards and *Government Auditing Standards* and the audit requirements of New Jersey OMB Circular 15-08 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 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 and *Government Auditing Standards* and the audit requirements of New Jersey OMB Circular 15-08 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by Management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state and local financial assistance for the year ended June 30, 2025 is presented for purposes of additional analysis as required by the State of New Jersey, State Council on the Arts and is not a required part of the financial statements. Such information is the responsibility of Management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the *United States of America*. In our opinion, the schedule of expenditures of state and local financial assistance is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards* and the audit requirements of New Jersey OMB Circular 15-08, we have also issued our report dated December 16, 2025, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of New Jersey OMB Circular 15-08 in considering the Organization's internal control over financial reporting and compliance.



East Brunswick, New Jersey

December 16, 2025

GlassRoots, Inc.
Statements of Financial Position
June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and cash equivalents	\$ 720,419	\$ 547,646
Investments	1,005,464	1,368,181
Accounts receivable	39,905	5,409
Grant receivable	29,722	62,179
Pledges receivable, net	369,724	50,030
Prepaid expenses	9,430	12,228
Construction in progress	410,311	-
Deposits for property and equipment	256,313	256,313
Property and equipment, net	409,963	539,293
Intangible assets, net	9,259	11,969
Operating lease right-of-use asset	23,323	22,646
Finance lease right-of-use asset	8,459	13,292
	<u>\$ 3,292,292</u>	<u>\$ 2,889,186</u>
Total Assets		
 Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 380,091	\$ 80,682
Deferred revenue	4,468	4,965
Asset retirement obligation	13,569	13,569
Operating lease liability	25,017	25,017
Finance lease liability	8,905	13,755
	<u>432,050</u>	<u>137,988</u>
Total Liabilities		
Net Assets		
Without donor restrictions	1,271,068	1,154,443
With donor restrictions	<u>1,589,174</u>	<u>1,596,755</u>
	<u>2,860,242</u>	<u>2,751,198</u>
Total Net Assets		
	<u>\$ 3,292,292</u>	<u>\$ 2,889,186</u>
Total Liabilities and Net Assets		

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

GlassRoots, Inc.
Statements of Activities and Changes in Net Assets
For the Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Public and Government Support						
Corporate and foundation grants	\$ 192,114	\$ 683,748	\$ 875,862	\$ 196,374	\$ 268,456	\$ 464,830
Contributions	137,439	-	137,439	146,164	-	146,164
Government grants	133,890	-	133,890	73,843	-	73,843
Special events, net of direct expenses of \$83,909 and \$94,540, respectively	130,736	-	130,736	119,932	-	119,932
Non-monetary contributions	-	-	-	6,000	-	6,000
Total Public and Government Support	594,179	683,748	1,277,927	542,313	268,456	810,769
Revenues						
Program fees	201,825	-	201,825	172,562	-	172,562
Net investment return	77,301	-	77,301	72,577	-	72,577
Commissions and sales of glasswork	59,345	-	59,345	69,130	-	69,130
Facility fee income	28,874	-	28,874	30,129	-	30,129
Miscellaneous	8,265	-	8,265	9,148	-	9,148
Total Revenues	375,610	-	375,610	353,546	-	353,546
Net Assets Released from Restrictions	691,329	(691,329)	-	382,977	(382,977)	-
Total Support and Revenue	1,661,118	(7,581)	1,653,537	1,278,836	(114,521)	1,164,315
Expenses						
Program services	1,154,004	-	1,154,004	1,060,172	-	1,060,172
Management and general	159,319	-	159,319	234,489	-	234,489
Fundraising	231,170	-	231,170	192,622	-	192,622
Total Expenses	1,544,493	-	1,544,493	1,487,283	-	1,487,283
Change in Net Assets	116,625	(7,581)	109,044	(208,447)	(114,521)	(322,968)
Net Assets - Beginning of Year	1,154,443	1,596,755	2,751,198	1,362,890	1,711,276	3,074,166
Net Assets - End of Year	\$ 1,271,068	\$ 1,589,174	\$ 2,860,242	\$ 1,154,443	\$ 1,596,755	\$ 2,751,198

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

GlassRoots, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2025

	2025				
	Supporting Services Expense				
	Program Services Expense	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 507,955	\$ 55,838	\$ 178,188	\$ 234,026	\$ 741,981
Payroll taxes	57,278	6,033	19,942	25,975	83,253
Employee benefits	23,189	2,615	6,649	9,264	32,453
Total personnel expenses	588,422	64,486	204,779	269,265	857,687
Occupancy	154,302	32,091	-	32,091	186,393
Depreciation and amortization	105,858	26,182	-	26,182	132,040
Stipends and program consultants	108,191	7,395	1,000	8,395	116,586
Special events and fundraising	-	-	83,909	83,909	83,909
Professional fees	37,132	10,618	3,539	14,157	51,289
Supplies	64,027	2,664	125	2,789	66,816
Insurance	33,247	5,638	4,356	9,994	43,241
Fees	26,362	3,387	10,570	13,957	40,319
Information technology	16,155	3,029	1,010	4,039	20,194
Marketing	7,079	1,327	442	1,769	8,848
Travel	6,736	178	331	509	7,245
Office expense	1,484	295	3,571	3,866	5,350
Miscellaneous	2,003	905	344	1,249	3,252
Membership dues and licenses	1,230	735	1,103	1,838	3,068
Bad debt expense	1,776	-	-	-	1,776
Interest expense	-	389	-	389	389
Total	1,154,004	159,319	315,079	474,398	1,628,402
Less: Direct fundraising expenses for special events	-	-	(83,909)	(83,909)	(83,909)
Total Functional Expenses	\$ 1,154,004	\$ 159,319	\$ 231,170	\$ 390,489	\$ 1,544,493

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

GlassRoots, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2024

	2024				
	Program Services Expense	Supporting Services Expense		Total Supporting Services	Total Expenses
		Management and General	Fundraising		
Salaries	\$ 420,167	\$ 69,695	\$ 147,549	\$ 217,244	\$ 637,411
Payroll taxes	42,946	7,373	14,972	22,345	65,291
Employee benefits	13,679	3,862	6,261	10,123	23,802
Total personnel expenses	476,792	80,930	168,782	249,712	726,504
Occupancy	152,371	20,923	-	20,923	173,294
Depreciation and amortization	134,041	34,978	-	34,978	169,019
Stipends and program consultants	125,365	3,050	1,375	4,425	129,790
Special events and fundraising	-	-	94,541	94,541	94,541
Professional fees	25,624	54,621	-	54,621	80,245
Supplies	66,554	3,563	101	3,664	70,218
Insurance	23,755	5,374	2,309	7,683	31,438
Fees	20,092	4,564	5,896	10,460	30,552
Information technology	4,820	7,901	5,974	13,875	18,695
Marketing	12,717	13,314	2,564	15,878	28,595
Travel	8,285	1,057	255	1,312	9,597
Office expense	1,802	498	4,655	5,153	6,955
Miscellaneous	2,410	717	711	1,428	3,838
Membership dues and licenses	984	2,315	-	2,315	3,299
Bad debt expense	4,560	-	-	-	4,560
Interest expense	-	684	-	684	684
Total	1,060,172	234,489	287,163	521,652	1,581,824
Less: Direct fundraising expenses for special events	-	-	(94,541)	(94,541)	(94,541)
Total Functional Expenses	\$ 1,060,172	\$ 234,489	\$ 192,622	\$ 427,111	\$ 1,487,283

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

GlassRoots, Inc.
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	\$ 109,044	\$ (322,968)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities		
Depreciation and amortization	132,040	169,019
Operating lease right-of-use asset	(677)	43,998
Finance lease right-of-use asset	4,833	4,834
Bad debt expense	(1,776)	(4,560)
Realized and unrealized gain on investments	(14,817)	(10,244)
Accretion expense of asset retirement obligation	-	(7,471)
Changes in operating assets and liabilities		
Accounts receivable	(32,720)	1,718
Grant receivable	32,457	(33,206)
Pledges receivable	(319,694)	474,818
Prepaid expenses	2,798	(8,576)
Accounts payable and accrued expenses	299,409	10,681
Deferred revenue	(497)	2,095
Operating lease liability	-	(48,743)
	<u>210,400</u>	<u>271,395</u>
Cash Flows from Investing Activities		
Proceeds from sale of investments	831,415	465,874
Purchases of investments	(453,881)	(1,040,231)
Payments for construction in progress	(410,311)	-
Purchase of intangible assets	-	(13,550)
	<u>(32,777)</u>	<u>(587,907)</u>
Cash Flows Used in Investing Activities		
Cash Flows from Financing Activities		
Principal payments on finance lease	(4,850)	(4,683)
	<u>172,773</u>	<u>(321,195)</u>
Net Change in Cash and Cash Equivalents		
Cash and Cash Equivalents - Beginning of Year	<u>547,646</u>	<u>868,841</u>
Cash and Cash Equivalents - End of Year	<u>\$ 720,419</u>	<u>\$ 547,646</u>
Supplemental Information		
Cash Paid During the Year for		
Interest	<u>\$ 389</u>	<u>\$ 684</u>

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

Note 1 Organization and Nature of Activities

GlassRoots, Inc. (the "Organization" or "GlassRoots"), is a New Jersey non-profit organization whose mission is to ignite and build the creative and economic vitality of greater Newark, through the transformative power of the glass art experience, with a focus on underserved youth and young adults. GlassRoots' vision is that through the involvement with GlassRoots' arts, New Jersey residents of all ages are empowered to think creatively and realize new visions of their futures through the art of glassmaking. Widely renowned for excellence in collaborative programming, GlassRoots presents high quality, rigorous, innovative, relevant, and diverse programming that both reflects and expands the community's interests. Founded in 2001, the Organization serves the community of Newark, New Jersey, offering programs at its glassmaking studios to Newark area middle and high school youth. The Organization's support comes mainly from private and public foundations, individual contributors and income earned through program offerings.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements are prepared on the accrual basis and in conformity with accounting principles generally accepted in the United States of America ("US GAAP"). Financial reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into net asset categories according to externally (donor) imposed restrictions. Based on the existence or absence of donor-imposed restrictions, the Organization classifies resources into two categories:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's Management and the Board of Directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no donor-imposed perpetual restrictions at June 30, 2025 and 2024.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Management to make estimates and assumptions that affect the amounts of assets and liabilities, revenue and expenses and changes therein, and disclosures of contingent assets and contingent liabilities and accompanying notes. It is reasonably possible that the Organization's estimates may change in the near term.

Note 2 Summary of Significant Accounting Policies (Continued)

Revenue and Support Recognition

Public and Government Support (Contributions)

The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized in revenue until the conditions on which they depend have been substantially met. Contributions, net assets and changes therein are classified and reported based on the existence or absence of donor-imposed restrictions. Revenue from government and private grant and contract agreements, which are generally considered non-exchange transactions, is recognized when qualifying expenditures are incurred and conditions under the agreements are met. Grant funds received in advance of the expenditures incurred are recorded as deferred revenue. Grant funds expended in advance of reimbursement from the funding source are classified as grants and accounts receivable in the statements of financial position.

Program Service Revenue

Program service revenue consists of sales of glasswork, fees for program participation and facility fee income. Revenue from the program fees is recognized when the product is delivered to the customer or over time as the service is provided. Cash received in advance of the services provided is recorded into contract liabilities in the statements of financial position. Prices are determined between the Organization and the client at a set rate/set number of hours to be provided. The Organization provides subsidized programs based on the supplemental educational services (SES) of school districts to schools and other community organizations to provide for equitable access to the Organization's programs. Revenue is recognized at the point in time the glassworks are sold. The Organization rents its premises for third party individual and group use for education and recognizes the revenue over the period the facility fee income relates which generally is monthly. There are no significant payment terms.

Special Events

Special events consist of revenues from ticket sales and sponsorships. Revenue is shown as net of direct donor benefits and is recorded in the period the event occurs.

Note 2 Summary of Significant Accounting Policies (Continued)

Contract Assets and Liabilities

Contract assets represent receivables which are not billed but have been earned. Contract liabilities represent funds received in advance of services provided or performance obligations being met. Receivables represent amounts billed for the services provided. Receivables, contract assets and contract liabilities were as follows:

	<u>Accounts Receivable</u>		<u>Contract Liabilities</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Beginning of Year	\$ 5,342	\$ 2,500	\$ 4,965	\$ -
End of Year	\$39,905	\$ 5,342	\$ 4,468	\$ 4,965

Non-Monetary Contributions

Donated goods and services are recognized as non-monetary contributions with a corresponding expense at their estimated fair value if they create or enhance non-financial assets or require specialized skills that would need to be purchased if they were not donated. The Organization did not receive any non-monetary contributions for the year ended June 30, 2025.

The Organization received non-monetary contributions of \$6,000 for obtaining a trademark during the year ended June 30, 2024, which was recorded at estimated fair value based on the nature of services and time spent. The non-monetary contributions were recorded to professional fees on the statements of functional expenses.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash and all unrestricted highly liquid investments with original maturities of three months or less. At times, cash and cash equivalents may exceed federally insured limits.

Investments

Investments are reported 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 (See Note 6).

Investment transactions are recorded on a trade-date basis. Unrealized gains and losses represent the net change in the carrying value of securities owned as of the date of the statement of financial position. Realized gains and losses on investments are determined using the specific-identification method. Earnings from interest and dividends are recognized when earned.

Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investment will occur in the near term and that such changes could materially affect the investment values reported in the financial statements.

Note 2 Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable represents unpaid balances due from exchange revenue and are uncollateralized. The Organization provides for losses on accounts receivable using the allowance method. The allowance for credit losses is based on historical experience, current economic conditions, and reasonable supportable forecasts that affect the collectability of financial assets. The potential risk is limited to the amounts recorded in the financial statements. At June 30, 2025 and 2024, Management determined that no allowance for credit losses was necessary.

Grant Receivable

The Organization's grant receivable consists of expenditures incurred on cost reimbursement grants not yet collected. Grant receivables were collected subsequent to year end.

Pledges Receivable

Pledges receivable are stated at the amount Management expects to collect from outstanding balances. Management estimates an allowance for doubtful pledges based on historical collection experience and specific identification. All pledges receivable at June 30, 2025 and 2024 are considered fully collectible; therefore, no allowance for doubtful accounts has been recorded.

Property and Equipment

Property and equipment are stated at cost (fair market value at date of donation if contributed) less accumulated depreciation. Depreciation is provided principally using the straight-line method over the estimated useful lives of the assets.

Intangible Assets

Intangible assets are stated at cost, less accumulated amortization. Amortization is provided principally using the straight-line method over the estimate useful life of the assets.

Income Taxes

GlassRoots is an organization described under Section 501(c)(3) of the Internal Revenue Code (the "IRC" or "Code") and is generally not subject to income taxes except on net income from unrelated business activities. The Organization has evaluated its activities and determined that it had no unrelated business income subject to federal or state income tax for the years ended June 30, 2025 and 2024.

The Organization follows the provisions of FASB ASC 740, *Income Taxes*. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the financial statements. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition related to those tax positions.

Note 2 Summary of Significant Accounting Policies (Continued)

Income Taxes (Continued)

The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions that are material to the financial statements. There are no income tax related penalties or interest included in these financial statements. The Organization’s federal exempt information returns are subject to examination by the IRS, generally for a period of three years after the returns are filed.

Leases

The Organization determines if an arrangement is a lease at inception based upon ASC 842 *Leases*. A contract contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This assessment is performed at the inception of each contract that may contain a lease. ROU Assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent their obligation to make lease payments arising from the lease. Finance leases are recognized at the commencement date of the lease based on the present value of lease payments over the lease term. The lease term includes the non-cancellable period of the lease and may include periods covered by an option to extend the lease if it is reasonably certain that the option will be exercised. When leases do not provide an implicit rate, the Organization uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Lease payments for finance leases are apportioned between the principal and interest components. The interest expense is recognized over the lease term based on the carrying amount of the lease liability. The Organization’s lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Functional Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and in the statements of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by Management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes, employee benefits	Time and effort
Occupancy, depreciation, insurance	Square footage

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 2 Summary of Significant Accounting Policies (Continued)

Reclassifications

Certain amounts in the June 30, 2024 financial statements have been reclassified to conform to the June 30, 2025 financial statement presentation. These reclassifications had no effect on the previously reported results of operations.

Subsequent Events

The Organization has evaluated subsequent events and transactions for potential recognition or disclosure through the date of the auditors' report, which is the date the financial statements were available to be issued (See Notes 10 and 15).

Note 3 Liquidity and Availability of Resources

As of June 30, 2025 and 2024, financial assets and liability resources available within one year for general expenditures, such as operating expenses, were as follows:

	2025	2024
Cash and cash equivalents	\$ 720,419	\$ 547,646
Investments	1,005,464	1,368,181
Accounts receivable	39,905	5,342
Grant receivable	29,722	49,054
Pledges receivable, net	369,724	63,222
Total financial assets	2,165,234	2,033,445
Less: Net assets with donor restrictions	(1,589,174)	(1,596,755)
Financial assets available to meet general expenditures over the next twelve months	\$ 576,060	\$ 436,690

The Organization manages its financial assets to be available as its operating expenditures, liabilities and other obligations come due. The Organization's cash flows have fluctuated during the year attributable to the timing of program operations and repayments from funding sources and contributors. Additionally, the Organization has available a line of credit, which it could draw upon to help manage unanticipated shortfalls (See Note 15).

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 4 Property and Equipment

Property and equipment consist of the following at June 30:

	Estimated Useful Life (Years)	<u>2025</u>	<u>2024</u>
Leasehold improvements	10-20	\$ 1,312,940	\$ 1,312,940
Equipment	10	<u>437,481</u>	<u>437,481</u>
		1,750,421	1,750,421
Less: accumulated depreciation		<u>(1,340,458)</u>	<u>(1,211,129)</u>
Property and equipment, net		<u>\$ 409,963</u>	<u>\$ 539,292</u>

Depreciation expense for the years ended June 30, 2025 and 2024 was \$129,330 and \$167,438, respectively.

Note 5 Intangible Assets

Intangible assets consist of the following at June 30:

	Estimated Useful Life (Years)	<u>2025</u>	<u>2024</u>
Website redesign	5	\$ 13,550	\$ 13,550
Less: accumulated amortization		<u>(4,291)</u>	<u>(1,581)</u>
Intangible assets, net		<u>\$ 9,259</u>	<u>\$ 11,969</u>

Amortization expense for the years ended June 30, 2025 and 2024 was \$2,710 and \$1,581, respectively.

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 6 Investments

Investments consist of the following at June 30, 2025 and 2024:

	2025			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury notes	\$ 575,878	\$ 4,534	\$ (240)	\$ 580,172
Exchange traded bond funds	<u>421,044</u>	<u>4,312</u>	<u>(64)</u>	<u>425,292</u>
Total	<u>\$ 996,922</u>	<u>\$ 8,846</u>	<u>\$ (304)</u>	<u>\$ 1,005,464</u>
	2024			
	Cost	Unrealized Gains	Unrealized Losses	Market Value
U.S. Treasury notes	\$ 765,940	\$ 5,365	\$ (1,011)	\$ 770,294
Exchange traded bond funds	<u>592,053</u>	<u>5,908</u>	<u>(74)</u>	<u>597,887</u>
Total	<u>\$ 1,357,993</u>	<u>\$ 11,273</u>	<u>\$ (1,085)</u>	<u>\$ 1,368,181</u>

Net investment return for the years ended June 30, 2025 and 2024 consisted of:

	2025	2024
Interest and dividends	\$ 65,674	\$ 62,333
Realized gains	6,275	1,918
Unrealized gains	8,542	10,188
Investment fees	<u>(3,190)</u>	<u>(1,862)</u>
Net investment return	<u>\$ 77,301</u>	<u>\$ 72,577</u>

Note 7 Fair Value Measurements

For financial assets and liabilities measured at fair value on a recurring basis, fair value is the price the Organization would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for the identical assets or liabilities, such measurements involve developing assumptions based on market observable data and, in the absence of such data, internal information that is consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date.

Observable inputs reflect market data obtained from independent sources, while observable inputs reflect our market assumptions. Preference is given to observable inputs. These three types of inputs create the following fair value hierarchy:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities available at the measurement dates.

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 7 Fair Value Measurements (Continued)

Level 2 - unadjusted quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in markets that are not active, inputs other than quoted prices that are observable, and inputs derived from or corroborated by observable market data.

Level 3 - unobservable inputs which reflect the reporting entity's own assumptions on what assumptions the market participants would use in pricing the asset or liability based on the best available information.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2025 and 2024:

	2025			
	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 580,172	\$ -	\$ -	\$ 580,172
Exchange traded bond funds	<u>425,292</u>	<u>-</u>	<u>-</u>	<u>425,292</u>
Total	<u>\$ 1,005,464</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,005,464</u>

	2024			
	Fair Value Measurements at Reporting Date Using			
	Level 1	Level 2	Level 3	Total
U.S. Treasury notes	\$ 770,294	\$ -	\$ -	\$ 770,294
Exchange traded bond funds	<u>597,887</u>	<u>-</u>	<u>-</u>	<u>597,887</u>
Total	<u>\$ 1,368,181</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,368,181</u>

Maturity dates for the treasury notes held at June 30, 2025 range from July 2025 to November 2027, with interest ranging from 0.375% to 4.59%. The future maturities of the treasury notes as of June 30, 2025 and 2024 are as follows:

	2025	2024
Due in one year or less	\$ 217,905	\$ 187,548
Due in two to five years	<u>362,267</u>	<u>582,746</u>
Total	<u>\$ 580,172</u>	<u>\$ 770,294</u>

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 8 Pledges Receivable

The Organization has received pledges from a private foundation totaling \$500,000, of which \$50,000 was received during the year ended June 30, 2025. The remaining \$450,000 will be used as follows:

- (1) \$250,000 will be used for capital expenses associated with GlassRoots' move to their new building (see Note 10),
- (2) \$100,000 will be used for the year ended June 30, 2026 to fund the Teaching Artists and Master Artists in Residence program, and
- (3) \$100,000 will be used for the year ended June 30, 2027 to also fund the Teaching Artists and Master Artists in Residence program.

The Organization received pledges receivable from general donations and special events during the year ended June 30, 2024.

At June 30, 2025 and 2024, pledges receivable were expected to be collected as follows:

	2025	2024
One year or less	\$ 350,000	\$ 49,054
Two years	100,000	-
Total	450,000	49,054
Discount on pledges receivable (4.07% and 0.00%, respectively)	(80,276)	-
Pledges receivable, net	\$ 369,724	\$ 49,054

Pledges receivable expected to be collected in more than one year are recorded at the present value of estimated future cash flows, discounted at the daily risk-free rate on the date the pledge agreement was signed. The discount reflects the time value of money as of June 30, 2025. Based on Management's assessment of collection history and specific identification, all pledges receivable at year end are deemed fully collectible; accordingly, no allowance for uncollectible pledges has been recorded.

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 9 Net Assets with Donor Restrictions

As of June 30, 2025 and 2024, net assets with donor restrictions are restricted for time or purpose as follows:

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 399,724	\$ 10,000
Purpose restrictions		
Capital projects	1,091,995	1,495,295
Fellowship program	91,785	88,915
Youth Entrepreneurial Spirit (YES) program	<u>5,670</u>	<u>2,545</u>
Total	<u>\$ 1,589,174</u>	<u>\$ 1,596,755</u>

During the years ended June 30, 2025 and 2024, net assets were released from donor restrictions as time stipulations expired or as the Organization fulfilled other conditions specified by donors.

	<u>2025</u>	<u>2024</u>
Time restrictions	\$ 60,000	\$ 60,000
Purpose restrictions		
Capital projects	403,300	35,000
Fellowship program	147,984	149,338
Communication and development	30,000	60,000
PRISM Club	20,000	-
Glass casting program	15,000	-
Youth programs	12,500	7,500
Youth Entrepreneurial Spirit (YES) program	2,545	13,748
Capacity building	-	38,891
Workshops	-	12,500
Flame program	<u>-</u>	<u>6,000</u>
Total	<u>\$ 691,329</u>	<u>\$ 382,977</u>

Note 10 Commitments and Contingencies

Operating Leases

The Organization has entered into a cancelable lease agreement for the rental of its facility which was set to expire December 31, 2024. A 6-month extension was signed as of December 2024 and extended the lease through June 30, 2025. In March 2025, a 6-month extension was signed and extended the lease through December 31, 2025. Subsequent to year end, in December 2025, the Organization signed another 1-month extension to extend the lease through January 31, 2026. The operating lease calls for monthly payments of \$4,200.

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 10 Commitments and Contingencies (Continued)

Operating Leases (Continued)

The maturity of the operating lease liability as of June 30, 2025 is as follows for the year ending June 30, 2026:

2026	\$	25,200
Less: present value discount		<u>(183)</u>
Operating lease liability	\$	<u>25,017</u>

Total operating lease expenses for the years ended June 30, 2025 and 2024 were \$53,207 and \$50,407, respectively, which has been included with occupancy expense in the accompanying financial statements.

The Organization signed a ten-year lease agreement, with two five-year renewal options, as of December 12, 2023 for a new facility at 23 William Street, Newark, New Jersey. The lease has not yet commenced as construction is still underway and expected to be completed in December 2025. Upon lease commencement, the operating lease calls for monthly periodic payments of \$11,000 per month.

In June 2025, the Organization entered into an agreement with its existing landlord to assign, transfer, and set over all of its rights, title, obligations and interest in the Organization's lease to the new landlord. Upon this assignment and assumption of the lease, the new landlord and the Organization have agreed to a payment plan in which the Organization will reimburse the landlord for the buildout of the new space that the Organization will occupy upon lease commencement. The Organization has agreed to pay the landlord \$1,650,000. The landlord has agreed to pay \$1,811,312 for the buildout, \$1,061,312 of which will be funded by a grant from the New Jersey Economic Development Authority (NJEDA).

As of June 30, 2025, the Organization has paid \$389,730 towards the buildout of the new space, which has been included as construction in progress in the accompanying financial statements. Subsequent to year end, the Organization paid an additional \$800,270, thus totaling \$1,190,000 through the report date. The remaining amounts will be paid in accordance with the landlord's payment plan.

The Organization entered into a lease for a copier. The lease expires March 2027 and calls for monthly periodic payments of \$437.

GlassRoots, Inc.
Notes to Financial Statements
June 30, 2025 and 2024

Note 10 Commitments and Contingencies (Continued)

Finance Lease (Continued)

The maturity of the finance lease liability as of June 30, 2025 is as follows for years ending June 30:

2026	\$ 5,239
2027	<u>3,928</u>
Total	9,167
Less: interest	<u>(262)</u>
Finance lease liability	<u>\$ 8,905</u>

Amortization expense of the finance right-of-use asset was \$4,834 and \$4,834 for the years ended June 30, 2025 and 2024, respectively, which has been included with occupancy expense in the accompanying financial statements. Interest expense related to the finance lease was \$389 and \$555 for the years ended June 30, 2025 and 2024, respectively.

The following summarizes the weighted average remaining lease terms and discount rates as of June 30, 2025 and 2024. The discount rates represent the daily risk-free rate on the date the Organization adopted ASC 842 *Leases*.

Weighted Average Remaining Lease Term

Operating lease	0.50 years
Finance lease	1.70 years

Weighted Average Discount Rate

Operating lease	3.50%
Finance lease	3.50%

Note 11 Asset Retirement Obligation

The Organization is contractually required to dismantle the hot shop, which includes all glassmaking equipment, furnaces, ovens and other like property, at the end of the current lease, which expires December 31, 2025 (see Note 10). The Organization recognizes a liability for an asset retirement obligation and capitalizes a corresponding amount of an asset retirement cost, which is depreciated on a straight-line basis over the life of the assets. The liability is estimated using the present value of future cash flows, adjusted for inflation and discounted at the Organization's borrowing cost.

In July 2024, the Organization updated the hot shop equipment, specifically the kiln. The Organization revaluated the fair value of the asset retirement obligation as of the prior year as a result of the work performed. The carrying amount of the Organization's asset retirement obligation was \$13,569 as of June 30, 2025 and 2024.

Note 12 Risks and Uncertainties

The Organization's operations and financial results are subject to various risks and uncertainties. The Organization's ability to sustain funding is dependent on continued donor engagement and the successful execution of programming and fundraising events. Broader economic factors, including inflationary pressure, rising costs, and market volatility, may influence donor capacity and philanthropic priorities. In addition, the Organization receives government funding to help fund its programs and services. Therefore, changes in policies, particularly those affecting charitable giving incentives, tax regulations, or nonprofit sector oversight, could indirectly impact donor behavior and foundation grantmaking strategies. Management continuously monitors these developments and evaluates potential impacts to ensure the Organization can adapt operationally and financially as needed.

Investment Risks

The Organization invests in a professionally managed portfolio that may contain corporate bonds, mutual funds, money market funds and other investments. Such investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term could materially affect investment balances and the amounts reported in the financial statements.

Contribution Risks

Funding for the Organization comes from private grants, fundraising, donations, and other sources. At June 30, 2025, 100% of the \$29,722 grant receivable was due from one funder. Another funder accounted for approximately 25% of revenues during the year ended June 30, 2025 and 100% of the \$369,724 pledges receivable at June 30, 2025.

At June 30, 2024, three funders accounted for 57% of receivables, with one of the funders accounted for 12% of total revenues during the year ended June 30, 2024.

Vendor Risks

As of June 30, 2025, approximately 23% of expenses were from two vendors. In addition, one vendor related to the buildout of the new space (see Note 10) accounted for \$318,136, or approximately 84%, of accounts payable and accrued expenses at June 30, 2025.

At June 30, 2025, one vendor accounted for approximately 72% of accounts payable and accrued expenses at June 30, 2025.

Note 13 Related Party Transactions

Included in the statements of activities and changes in net assets were approximately \$20,000 and \$27,000 of contributions from members of the Board of Directors of the Organization for the years ended June 30, 2025 and 2024, respectively.

Note 14 Recent Accounting Pronouncements

Effective for fiscal years beginning on or after October 1, 2024, the State of New Jersey has adopted Circular 25-12-OMB, which replaces OMB Circular 15-08. Under the new guidance, any nonprofit organization that expends \$1,000,000 or more in State or federal financial assistance in a fiscal year is required to have a single audit or program-specific audit performed in accordance with Uniform Guidance and New Jersey State Policy Circular 25-12-OMB.

Organizations expending less than \$1,000,000 but \$350,000 or more in combined State and/or federal financial assistance must have either a financial statement audit conducted in accordance with Government Auditing Standards (Yellow Book) or a program-specific audit for that year. These updated thresholds represent an increase from previous requirements and are intended to align New Jersey's nonprofit audit practices with federal regulations and relieve smaller organizations from the cost of comprehensive audits unless state or federal assistance exceeds these amounts.

Note 15 Subsequent Events

In July 2025, the Organization received \$350,000 of the outstanding restricted pledge receivable, and also received an additional \$300,000 in restricted contributions for the capital projects.

In October 2025, the Organization entered into a line-of-credit agreement, allowing for borrowings up to \$250,000 to be used to fund operating needs. The line of credit matures in November 2026 and the interest rate is to be equal to the Wall Street Journal's prime rate. The line of credit is secured by substantially all of the Organization's assets.

SUPPLEMENTARY INFORMATION

GlassRoots, Inc.
Schedule of Expenditures of State and Local Assistance
June 30, 2025

<u>Grantor/Program Title</u>	<u>Award Number</u>	<u>Award Period</u>	<u>Award Amount</u>	<u>Current Year Expenditures</u>
State Financial Assistance				
State of New Jersey Department of State				
State Council on the Arts	C-2515A010084	07/01/2024 - 06/30/25	\$ 118,890	\$ 118,890
Local Financial Assistance				
City of Newark Creative Catalyst Fund				
	FY25	11/06/2024 - 06/30/25	<u>15,000</u>	<u>15,000</u>
Total State and Local Financial Assistance			<u>\$ 133,890</u>	<u>\$ 133,890</u>

Basis of Presentation

The schedule of expenditures of state and local financial assistance includes the state grant activity of GlassRoots, Inc. (the "Organization") for the year ended June 30, 2025 and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Organization's grant agreement with the State of New Jersey, Department of State, State Council on the Arts. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

See Independent Auditors' Report

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

Independent Auditors' Report

To the Board of Directors of

GlassRoots, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the requirements of New Jersey OMB Circular 15-08, the financial statements of GlassRoots, Inc. (the "Organization") which comprise the statement of financial position as of June 30, 2025, and the related statement of activities and changes in net assets, functional expenses, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and New Jersey OMB Circular 15-08.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of audits performed in accordance with *Government Auditing Standards* and New Jersey OMB Circular 15-08 in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



East Brunswick, New Jersey

December 16, 2025

GlassRoots, Inc.
Schedule of Audit Findings and Questioned Costs
June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None reported
Significant deficiency identified	None reported
Noncompliance material to financial statements noted	No

Section II - Financial Statement Findings

None

Section III - State Award Findings and Questioned Costs

None

Section IV - Prior State Award Findings and Questioned Costs

None