

**GENESIS INSPIRATION FOUNDATION**

**CERTIFIED PUBLIC ACCOUNTANT'S  
AUDITED FINANCIAL STATEMENTS**

**Year Ended December 31, 2021**

GENESIS INSPIRATION FOUNDATION

December 31, 2021

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## **Independent Auditor's Report**

To the Board of Directors  
Genesis Inspiration Foundation

### **Opinion**

We have audited the accompanying financial statements of Genesis Inspiration Foundation ( a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 financial statements referred to above present fairly, in all material respects, the financial position of Genesis Inspiration Foundation as of December 31, 2021, 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. 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 Genesis Inspiration Foundation 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, 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 Genesis Inspiration Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## Auditor's 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 Genesis Inspiration Foundation'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 Genesis Inspiration Foundation'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.

*Stephens, Reidinger + Beller LLP*

Newport Beach, California  
July 25, 2022

GENESIS INSPIRATION FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2021

ASSETS

Current assets	
Cash	\$ 4,304,012
Contributions receivable	<u>175,250</u>
Total current assets	<u>4,479,262</u>
Total assets	<u><u>\$ 4,479,262</u></u>

LIABILITIES AND NET ASSETS

Current liabilities	
Accounts payable	\$ 18,170
Grants payable	<u>700,000</u>
Total current liabilities	<u>718,170</u>
Net assets	
Without donor restrictions	<u>3,761,092</u>
Total net assets	<u>3,761,092</u>
Total liabilities and net assets	<u><u>\$ 4,479,262</u></u>

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

GENESIS INSPIRATION FOUNDATION

**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2021

Revenues	
Contributions	\$ 1,632,925
In-kind donations	<u>45,300</u>
Total revenue and support	<u>1,678,225</u>
Expenses	
Program services	741,708
Management and general	<u>68,612</u>
Total expenses	<u>810,320</u>
Change in net assets	867,905
Beginning net assets	<u>2,893,187</u>
Ending net assets	<u><u>\$ 3,761,092</u></u>

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

GENESIS INSPIRATION FOUNDATION

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Accounting	\$ -	\$ 27,365	\$ 27,365
Advertising	30,500	-	30,500
Bank fees	-	4,551	4,551
Event collateral	438	-	438
Grants	700,000	-	700,000
Legal and filing fees	-	11,416	11,416
Office expenses	-	150	150
Salaries	10,770	25,130	35,900
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenses	<u>\$ 741,708</u>	<u>\$ 68,612</u>	<u>\$ 810,320</u>

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

GENESIS INSPIRATION FOUNDATION

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 867,905
(Increase) decrease in assets:	
Contributions receivable	480,000
Increase (decrease) in liabilities:	
Accounts payable	(8,790)
Grants payable	700,000
Net cash provided by operating activities	<u>2,039,115</u>
Net increase in cash	2,039,115
Cash, beginning of year	<u>2,264,897</u>
Cash, end of year	<u><u>\$ 4,304,012</u></u>

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



GENESIS INSPIRATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2021

**NOTE 1: ORGANIZATION AND NATURE OF SERVICES**

Genesis Inspiration Foundation (the “Organization”), formerly known as Genesis Motor America Foundation, raises and provides funds to support arts education for youth in underserved communities. The Organization is a California 501(c)(3) not-for-profit organization, which was incorporated in California in December 2018. The board of directors, or its appointee, is responsible for those decisions affecting the day-to-day operations of the Organization and is accountable to the Organization's members who are comprised of Genesis Motor America (“GMA”) and its network of automotive dealers.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of the Organization.

**Basis of Accounting**

The financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or nonexistence of restrictions on use that are placed by its donors. The two classes of net assets are as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support the Organization’s operations. The only limits on the use of these net assets, if any, 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.

Support that is restricted by a donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a specified purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature and the Organization must continue to use these resources in accordance with donor’s restrictions.

GENESIS INSPIRATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Net Assets (continued)**

The Organization's unspent contributions are included in this class if the donor has limited their use. When a donor's restriction is satisfied, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. There were no net assets with donor restrictions as of December 31, 2021.

**Classification of Transactions**

All revenues are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. All expenses are reported as decreases in net assets without donor restrictions.

**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 certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentration of Credit Risk**

The Organization's cash balances in financial institutions at times may exceed the Federal Deposit Insurance Corporation's ("FDIC") insurance limit. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk for cash balances in excess of the FDIC insurance limit.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

GENESIS INSPIRATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Contributions**

Contributions received from GMA, and affiliated entities in addition to related automotive dealers, are recorded by the Organization when pledged by the donor. Typically, cash is received one to two months in arrears. Contributions received are recorded as an increase in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resource for a specified purpose or for a future period. For the year ended December 31, 2021, \$1,632,925 of the Organization's contributions are classified as without donor restrictions.

**Contributions Receivable**

At December 31, 2021, contributions receivable from related party of \$175,250 are comprised of contributions due from GMA and its dealers that have been pledged, but not yet received. Contributions receivable are stated at the net amount management expects to collect from the outstanding balances pledged. Management reviews receivables for collectability and has determined that no allowance for collectability is necessary at December 31, 2021.

**Income Taxes**

The Organization is exempt from Federal and California income tax under Internal Revenue Code (IRC) Section 501(c)(3) and Section 23701 of the California Revenue and Taxation Code. Therefore no provision for income taxes has been included in the accompanying financial statements.

**Affiliated Organizations**

Certain members of the Board of Directors of the Organization are also employees or directors of HMA (see Note 3).

**Functional Allocation of Costs and Other Expenses**

The Organization allocates expenses which benefit more than one function or supporting service based on the estimated usage of materials or services related to the particular program services or to the management and general function, as determined by a content analysis. Salary and wage expenses for certain executives have been allocated among program services and management and general, based on the portion of time spent on each function.

GENESIS INSPIRATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Functional Allocation of Costs and Other Expenses (continued)**

The costs of providing programs and services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or service are charged directly to that program or service. Costs common to multiple functions have been allocated among various functions benefited using a reasonable allocation method that is consistently applied as follows:

- Advertising and salaries are allocated based on the hours that Organization employees spend on each program and supporting activity.
- All other expenses are allocated directly to either program services or management and general based upon the nature of the respective expenditure.

General and administrative expenses include costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

**Advertising**

The Organization expenses advertising costs as they are incurred. For the year ended December 31, 2021, advertising expenses were \$30,500.

**In-kind Donations**

In-kind donations are recognized if the products or services received (a) would otherwise be purchased by the Organization; (b) require specialized skills; and (c) are provided by individuals possessing those skills. The value of in-kind donations recorded in the accompanying statement of activities consists of management and administrative salaries expenses contributed by GMA.

**Subsequent Events**

The Organization has evaluated subsequent events through July 25, 2022, the date which the financial statements were available to be issued.

**NOTE 3: RELATED PARTY TRANSACTIONS**

Certain directors and officers of GMA are also directors and officers of the Organization. Cash contributions donated by GMA and its dealers to the Organization totaled approximately \$1,133,000 for the year ended December 31, 2021. Additionally, all in-kind donations were provided by related parties.

GENESIS INSPIRATION FOUNDATION

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 2021

**NOTE 4: IN-KIND DONATIONS**

The Organization receives certain donations of products and services that they would have otherwise had to purchase. These donations and the related expenses were allocated for the year ended December 31, 2021, to the following revenue and program and administrative services:

Revenue from in-kind donations	<u>\$ 45,300</u>
Related program and administrative services:	
Salaries	35,900
Legal services	<u>9,400</u>
	<u>\$ 45,300</u>

**NOTE 5: LIQUIDITY AND AVAILABILITY**

Financial assets without donor or other restrictions limiting their use within one year of December 31, 2021, which are available for general expenditures are as follows:

Financial assets:	
Cash and cash equivalents	\$ 4,304,012
Accounts Receivable	<u>175,250</u>
Total financial assets available for general expenditure within one year	<u>\$ 4,479,262</u>

Based on the table above, the Organization has \$4,479,262 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures. The Organization receives approximately \$94,000 monthly in contributions to help offset operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

**NOTE 6: RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic, which continues to spread throughout the United States and worldwide. The coronavirus outbreak resulted in federal, state and local governments and private entities mandating various restrictions including travel, in public gatherings, stay at home orders and quarantining of people who may have been exposed to the virus. In response to the pandemic and the various restrictions, the Organization has adjusted its operations to protect its employees and program participants from the virus while effectively providing services. As management continues to evaluate the impact that this global pandemic will have on future operations, management believes that the Organization can continue its operations.