

Studebaker National Foundation

Financial Statements

**As of and for the Year Ended
April 30, 2022**

Advantage Accounting & Tax Solutions, Inc.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Studebaker National Foundation

We have audited the accompanying financial statements of Studebaker National Foundation (a nonprofit organization), which comprise the statement of assets, liabilities and net assets-tax basis as of April 30, 2022, and the related statement of revenues, expenses and changes in net assets-tax basis and cash flows-tax basis for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and net assets of Studebaker National Foundation as of April 30, 2022, and the revenues, expenses and changes in its net assets and its cash flows for the year then ended in accordance with the basis of accounting Studebaker National Foundation uses for income tax purposes described in Note 1.

Basis of Accounting

We draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared on the basis of accounting Studebaker National Foundation uses for income tax purposes, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Respectfully Submitted,

Advantage Accounting & Tax Solutions, Inc.

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Assets, Liabilities and Net Assets-Tax Basis	2
Statement of Revenues, Expenses and Changes in Net Assets-Tax Basis	3
Statement of Cash Flows-Tax Basis	4
Notes to Financial Statements	5-6

Studebaker National Foundation
Statement of Assets, Liabilities and Net Assets-Tax Basis
As of April 30, 2022

ASSETS

Cash	\$ 65,932
Investment Account	87,654
Antique Autos	372,833
Studebaker Toy Collection	<u>2,995</u>
Total Assets	<u>\$ 529,414</u>

LIABILITIES AND NET ASSETS

Net Assets without Donor Restrictions	\$ 204,131
Net Assets with Donor Restrictions	<u>325,283</u>
Total Liabilities and Net Assets	<u>\$ 529,414</u>

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

Studebaker National Foundation
Statement of Revenues, Expenses and Changes in Net Assets-Tax Basis
For the Year Ended April 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Interest and Dividends	\$ 3,230	\$ -	\$ 3,230
Contributions	8,345	-	8,345
	<u>\$ 11,575</u>	<u>\$ -</u>	<u>\$ 11,575</u>
EXPENSES			
Accounting	\$ 650	\$ -	\$ 650
Advertising and Promotion	321	-	321
Auto Restoration and Up Keep	800	-	800
Insurance	925	-	925
Miscellaneous	278	-	278
Scholarships and Internships	8,500	2,000	10,500
Website Expense	849	-	849
	<u>\$ 12,323</u>	<u>\$ 2,000</u>	<u>\$ 14,323</u>
CHANGE IN NET ASSETS	\$ (748)	\$ (2,000)	\$ (2,748)
OTHER CHANGES			
Unrealized Loss on Investments	3,145	-	3,145
TOTAL CHANGE IN NET ASSETS	\$ (3,893)	\$ (2,000)	\$ (5,893)
BEGINNING NET ASSETS	<u>208,024</u>	<u>327,283</u>	<u>535,307</u>
ENDING NET ASSETS	<u>\$ 204,131</u>	<u>\$ 325,283</u>	<u>\$ 529,414</u>

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

Studebaker National Foundation
Statement of Cash Flows-Tax Basis
For the Year Ended April 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (5,893)
Adjustment to Reconcile the Change in Net Assets to Cash Provided By Activities:	
Unrealized (Gain)/Loss	<u>3,145</u>
Net Cash Provided By Operating Activities	<u>\$ (2,748)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash Used for Purchase of Investments	<u>(3,134)</u>
Net Cash Used For Investing Activities	<u>\$ (3,134)</u>
NET DECREASE IN CASH	\$ (5,882)
BEGINNING CASH BALANCE MAY 1, 2021	<u>71,814</u>
ENDING CASH BALANCE APRIL 30, 2022	<u><u>\$ 65,932</u></u>

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

Studebaker National Foundation
Notes to Financial Statements
As of and for the Year Ended April 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Internal Revenue Service has determined that the organization is exempt from federal income tax under Section 501 (c)(3) of the Code. The code imposes an excise tax of 2% (reduced to 1% if certain requirements are met) on net investment income of private foundations.

The mission of the Organization is to promote and support the furtherance of the collection, restoration, and preservation of antique automobiles and related items.

The accompanying financial statements have been prepared on the basis of accounting used for income tax reporting. This basis differs from accounting principles generally accepted in the United States of America primarily as the organization does not accrue certain items which would otherwise be recognized under those principles. The preparation of these statements requires management to make estimates and assumptions that affect the 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.

2. INVESTMENT ACCOUNT

Investments of the Foundation consist of marketable securities and money market funds. These investments are initially valued at their market price at the date of purchase. Investments are subject to market risk of loss.

Investments at April 30, 2022 are carried at the current market values. Changes in market values are recognized as unrealized holding gains and losses on investments. The unrealized holding gains and losses on investments are netted and recognized in the statement of activities after the changes in net assets from operations.

Investment income and any realized and unrealized gains or losses on investments are considered to be without donor restricted income or loss.

3. FAIR VALUE MEASUREMENTS

Fair value, as defined under generally accepted accounting principle, is an exit price, representing 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. Generally accepted accounting principles establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. These tiers include:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Studebaker National Foundation
Notes to Financial Statements (continued)
As of and for the Year Ended April 30, 2022

The asset or liability's fair value measurement level with the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques are used to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Fair Value	Level 1
Debt and Equity Securities	87,654	87,654

4. ANTIQUE AUTOS

	Appraisal Value
1. 1964 Studebaker Hawk Gran Turismo	\$ 35,000
2. 1932 Studebaker Model 55	42,500
3. 1869 Studebaker Farm Wagon	2,000
4. 1923 Studebaker Light Six	15,000
5. 1963 Studebaker Avanti Land Speed Race Car	106,633
6. 1961 Studebaker Champ Pickup w/ Fleet Aire Camper	8,500
7. 1955 Studebaker President Speedster HT	50,000
8. 1964 Studebaker Avanti R2 Sport Coupe	60,000
9. 1931 Studebaker Commander 4 Door Sedan	53,200
	\$ 372,833

5. SUBSEQUENT EVENTS

Financial accounting standards require the disclosure of the date through which an entity has evaluated subsequent events and the basis for that date, that is, whether that date represents the date of the financial statements were issued or were available to be issued. Management has evaluated subsequent events for potential recognition and /or disclosure in the April 30, 2022 financial statements through August 23, 2022, the date that the financial statements were available to be issued.