

**THE JOANNA FOUNDATION  
CHARLESTON, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
The Joanna Foundation  
Charleston, South Carolina

We have audited the accompanying financial statements of The Joanna Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and cash flows for the years 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 financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

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

An audit involves 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 financial position of The Joanna Foundation as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Glaser and Company, LLC*

July 8, 2021  
Charleston, South Carolina

**THE JOANNA FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 223,390	\$ 234,601
Prepaid assets	2,163	2,704
Investments, at fair market value	4,755,705	4,275,344
<b>Total Current Assets</b>	<b>4,981,258</b>	<b>4,512,649</b>
<b>Total Assets</b>	<b>\$ 4,981,258</b>	<b>\$ 4,512,649</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accrued payroll and taxes	\$ 1,897	\$ -
<b>Total Current Liabilities</b>	<b>1,897</b>	<b>-</b>
<b><u>Net Assets</u></b>		
Without donor restrictions	4,979,361	4,512,649
<b>Total Net Assets</b>	<b>4,979,361</b>	<b>4,512,649</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,981,258</b>	<b>\$ 4,512,649</b>

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>Revenues</u></b>		
Investment return	\$ 707,646	\$ 864,835
Investment fees	(31,829)	(31,347)
Total Net Revenues	675,817	833,488
<b><u>Expenses</u></b>		
Program Services:		
Program grants	146,285	128,875
Management and General:		
Payroll taxes and foreign income taxes	3,718	3,642
Legal and professional	7,700	7,700
Salaries	46,818	46,590
Federal excise taxes	565	2,710
Office and miscellaneous	173	4,883
Meetings	1,848	6,607
Insurance	1,149	1,155
Travel	849	2,574
Total Expenses	209,105	204,736
<b>Increase in Net Assets Without Donor Restrictions</b>	466,712	628,752
<b>Net Assets Without Donor Restrictions, Beginning of the Year</b>	4,512,649	3,883,897
<b>Net Assets Without Donor Restrictions, End of the Year</b>	\$ 4,979,361	\$ 4,512,649

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
Increase in net assets without donor restrictions	\$ 466,712	\$ 628,752
Adjustments to reconcile increase in net assets without donor restrictions to net cash used for operating activities:		
Net realized and unrealized gains on investments	(636,269)	(764,169)
Increase in operating assets:		
Prepaid assets	541	692
Increase (decrease) in operating liabilities:		
Accrued payroll and taxes	1,897	(1,505)
	(167,119)	(136,230)
<b>Net Cash Used for Operating Activities</b>	<b>(167,119)</b>	<b>(136,230)</b>
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of investments	(2,800,575)	(2,525,415)
Proceeds from disposition of investments	2,956,483	2,596,675
	155,908	71,260
<b>Net Cash Provided by Investing Activities</b>	<b>155,908</b>	<b>71,260</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(11,211)</b>	<b>(64,970)</b>
Cash and Cash Equivalent Balances, Beginning of Year	234,601	299,571
Cash and Cash Equivalent Balances, End of Year	\$ 223,390	\$ 234,601
<b><u>Supplemental Disclosures</u></b>		
Cash paid for Federal excise taxes	\$ -	\$ 2,000

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES**

**Nature of Activities**

The Joanna Foundation (the “Foundation”) is a private tax-exempt not-for-profit foundation organized in 1945 for charitable, scientific, religious, educational and/or other eleemosynary purposes. Its program consists of donations to other not-for-profit organizations.

**Financial Statement Presentation**

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

The Foundation has adopted the provisions of Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958 section 205, *Not for Profit Entities, Financial Statement Presentation*. Under ASC 958 section 205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor-imposed restrictions and net assets with donor-imposed restrictions. There are no restrictions on net assets as of December 31, 2020 and 2019.

**Contributions**

The Foundation has adopted the provisions of ASC 958 section 605, *Not for Profit Entities, Revenue Recognition*. In accordance with ASC 958 section 605, contributions received are recorded as without or with donor-imposed restricted support depending on the existence and/or nature of any donor or time restrictions. Under ASC 958 section 605, certain contributions are required to be reported as net assets with donor-imposed restriction and are then reclassified to net assets without donor-imposed restrictions upon expiration of donor restrictions. There are no restricted contributions for the years ended December 31, 2020 and 2019.

**Investments**

The Foundation follows ASC 958 section 320, *Not for Profit Entities, Investments – Debt and Equity Securities*. Under ASC 958 section 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at fair value in the Statements of Financial Position. Unrealized gains and losses are included in the change in net assets in the Statements of Activities.

**Cash and Cash Equivalents**

For purpose of the statements of cash flows, “cash and cash equivalents” include cash on hand, amounts on deposit with financial institutions and other investments with original maturities of three months or less.

**Income Taxes**

The Foundation was organized as a not-for-profit organization and has received a determination letter from the Internal Revenue Service stating that it is exempt from federal and state income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundation is subject to an excise tax as described in Note 2.

**Estimates**

The preparation of the 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 and disclosures. Accordingly, actual results could differ from those estimates.

**Revenue Recognition**

The Foundation recognizes dividend and interest income from various investments in equity securities as earned.

**THE JOANNA FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF ACTIVITIES - CONTINUED**

**Functional Allocation of Expenses**

Directly identifiable expenses are charged to programs and supporting services and have been summarized on a function basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The Foundation has no fundraising expenses.

**2. EXCISE TAXES AND MINIMUM DISTRIBUTIONS**

In accordance with the applicable provisions of the Tax Reform Act of 1969 (the "Act"), the Foundation is subject to federal excise taxes of 1.39% on the net investment income, including realized gains, as defined in the Act. Federal excise taxes were \$565 and \$2,710 for the years ended December 31, 2020 and 2019, respectively.

In addition, the Act requires that certain minimum distributions be made in accordance with a specified formula. The Foundation had distributed a cumulative (\$5,718) and \$519 (under) over the required minimum distribution as of December 31, 2020 and 2019, respectively.

**3. INVESTMENTS**

Fair values and cumulative unrealized appreciation at December 31, are summarized as follows:

	<b>2020</b>		
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Net Unrealized Appreciation</b>
Common stocks	2,080,426	\$ 3,193,432	\$ 1,113,006
Mutual funds	1,016,163	1,562,273	546,110
Bonds	-	-	-
	<u>\$ 3,096,589</u>	<u>\$ 4,755,705</u>	<u>\$ 1,659,116</u>
	<b>2019</b>		
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Net Unrealized Appreciation</b>
Common stocks	\$ 1,770,317	\$ 2,433,780	\$ 663,463
Mutual funds	1,187,898	1,547,929	360,031
Bonds	287,072	293,635	6,563
	<u>\$ 3,245,287</u>	<u>\$ 4,275,344</u>	<u>\$ 1,030,057</u>

**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**3. INVESTMENTS - CONTINUED**

The following schedule summarizes the investment return and its classification in the statements of activities:

	<b>Years ended December 31,</b>	
	<b>2020</b>	<b>2019</b>
Interest and dividends	\$ 65,410	\$ 81,903
Capital gain distributions	5,967	18,763
Net unrealized (losses) gains	629,059	692,903
Net realized gains	7,210	71,266
 Total investment return	 \$ 707,646	 \$ 864,835

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS AND ASSETS**

ASC 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1**     Quoted prices in active markets for identical assets or liabilities.
  
- Level 2**     Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
  
- Level 3**     Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The following are the major categories of assets and liabilities measured at fair value on a recurring basis during the year ended December 31, 2020 and 2019, respectively, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3) at December 31:

	<b>2020</b>		
	<b>Level 1:</b> Quoted Prices in Active Markets for Identical Assets	<b>Level 2:</b> Significant Other Observable Inputs	<b>Level 3:</b> Significant Other Unobservable Inputs
Common stocks	\$ 3,193,432	\$ -	\$ -
Mutual funds	1,562,273	-	-
Bonds	-	-	-
	 \$ 4,755,705	 \$ -	 \$ -



**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020 AND 2019**

**4. FAIR VALUE OF FINANCIAL INSTRUMENTS AND ASSETS - CONTINUED**

	<b>2019</b>		
	<b>Level 1:</b> Quoted Prices in Active Markets for Identical Assets	<b>Level 2:</b> Significant Other Observable Inputs	<b>Level 3:</b> Significant Other Unobservable Inputs
Common stocks	\$ 2,433,780	\$ -	\$ -
Mutual funds	1,547,929	-	-
Bonds	293,635	-	-
	<u>\$ 4,275,344</u>	<u>\$ -</u>	<u>\$ -</u>

**5. CONCENTRATION**

The Foundation invests in various investment securities, which is the main source of its income. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risks associated with certain investment securities it is at least reasonably possible that changes in values of the investment securities will occur in the near term and that such changes could materially affect the amounts recorded in the statement of financial position.

The Foundation is insured by the Securities Investor Protection Corporation (SIPC) for its investments in securities and cash up to \$500,000 (\$250,000 limit for cash only). SIPC coverage is limited and does not protect the Foundation from declines in security value.

**6. DISCLOSURE OF LIQUIDITY INFORMATION**

The following reflects the Foundation's financial assets as of December 31 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	<b>2020</b>	<b>2019</b>
<b>Financial assets, at end of year</b>	\$ 4,979,095	\$ 4,509,945
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,979,095</u>	<u>\$ 4,509,945</u>

**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**7. SUBSEQUENT EVENTS**

Management has evaluated the impact of events and transactions occurring subsequent to December 31, 2020 through July 8, 2021, the date these financial statements were available to be issued. Based upon that evaluation, there were no material subsequent events that required recognition or additional disclosure in these financial statements.