

**THE JOANNA FOUNDATION  
CHARLESTON, SOUTH CAROLINA**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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, 2022 and 2021, and the related statements of activities and cash flows for the years 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 Joanna Foundation as of December 31, 2022 and 2021, 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.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Joanna Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 The Joanna Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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, including omissions, 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 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 audits 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 Joanna 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 The Joanna 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.

*Glaser and Company, LLC*

Charleston, South Carolina

June 2, 2023

**THE JOANNA FOUNDATION  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash and cash equivalents	\$ 160,351	\$ 92,982
Prepaid assets	1,002	974
Investments, at fair market value	3,989,093	5,576,336
<b>Total Current Assets</b>	<b>4,150,446</b>	<b>5,670,292</b>
<b>Total Assets</b>	<b>\$ 4,150,446</b>	<b>\$ 5,670,292</b>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
<b><u>Liabilities</u></b>		
Accrued expenses	\$ -	\$ 9,450
Accrued federal excise taxes	1,395	737
<b>Total Current Liabilities</b>	<b>1,395</b>	<b>10,187</b>
<b><u>Net Assets</u></b>		
Without donor restrictions	4,149,051	5,660,105
<b>Total Net Assets</b>	<b>4,149,051</b>	<b>5,660,105</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 4,150,446</b>	<b>\$ 5,670,292</b>

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>Revenues</u></b>		
Investment return	\$ (1,229,444)	\$ 998,419
Investment fees	(37,518)	(40,036)
Total Net Revenues	(1,266,962)	958,383
<b><u>Expenses</u></b>		
Program Services:		
Program grants	169,500	204,000
Management and General:		
Payroll taxes and foreign income taxes	4,453	4,039
Legal and professional	7,700	7,700
Salaries	48,948	47,598
Federal excise taxes	1,395	6,957
Office and miscellaneous	582	1,323
Meetings	4,806	3,608
Insurance	1,202	1,209
Travel	5,506	1,205
Total Expenses	244,092	277,639
<b>(Decrease) Increase in Net Assets Without Donor Restrictions</b>	(1,511,054)	680,744
<b>Net Assets Without Donor Restrictions, Beginning of the Year</b>	5,660,105	4,979,361
<b>Net Assets Without Donor Restrictions, End of the Year</b>	\$ 4,149,051	\$ 5,660,105

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
<b><u>Cash Flows from Operating Activities:</u></b>		
(Decrease) increase in net assets without donor restrictions	\$ (1,511,054)	\$ 680,744
Adjustments to reconcile increase in net assets without donor restrictions to net cash used for operating activities:		
Net realized and unrealized losses (gains) on investments	1,305,547	(877,075)
(Increase) decrease in operating assets:		
Prepaid assets	(28)	1,189
Increase (decrease) in operating liabilities:		
Accrued expenses	(9,450)	7,553
Accrued federal excise taxes	658	737
	(214,327)	(186,852)
<b><u>Cash Flows from Investing Activities:</u></b>		
Purchase of investments	(3,189,582)	(1,465,471)
Proceeds from disposition of investments	3,471,278	1,521,915
	281,696	56,444
Net Cash Provided by Investing Activities	281,696	56,444
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	67,369	(130,408)
Cash and Cash Equivalent Balances, Beginning of Year	92,982	223,390
Cash and Cash Equivalent Balances, End of Year	\$ 160,351	\$ 92,982
<b><u>Supplemental Disclosures</u></b>		
Cash paid for Federal excise taxes	\$ 737	\$ -

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022 AND 2021**

**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, 2022 and 2021.

**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, 2022 and 2021.

**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, 2022 AND 2021**

**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.

Expenses presented on a functional basis are presented as follows:

	<b>For the year ended December 31, 2022</b>		
	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries	\$ 34,264	\$ 14,684	\$ 48,948
Payroll taxes and foreign income taxes	2,621	1,832	4,453
Legal and professional	-	7,700	7,700
Federal excise taxes	-	1,395	1,395
Office and miscellaneous	-	582	582
Insurance	-	1,202	1,202
Travel and meetings	8,765	1,547	10,312
Charitable grants	169,500	-	169,500
	\$ 215,150	\$ 28,942	\$ 244,092

	<b>For the year ended December 31, 2021</b>		
	<b>Program</b>	<b>General and Administrative</b>	<b>Total</b>
Salaries	\$ 33,319	\$ 14,279	\$ 47,598
Payroll taxes and foreign income taxes	2,549	1,490	4,039
Legal and professional	-	7,700	7,700
Federal excise taxes	-	6,957	6,957
Office and miscellaneous	1,125	198	1,323
Insurance	-	1,209	1,209
Travel and meetings	4,091	722	4,813
Charitable grants	204,000	-	204,000
	\$ 245,084	\$ 32,555	\$ 277,639

**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 \$1,395 and \$6,957 for the years ended December 31, 2022 and 2021, respectively.



**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**2. EXCISE TAXES AND MINIMUM DISTRIBUTIONS - CONTINUED**

In addition, the Act requires that certain minimum distributions be made in accordance with a specified formula. The Foundation had distributed a cumulative \$9,868 and \$614 over the required minimum distribution as of December 31, 2022 and 2021, respectively.

**3. INVESTMENTS**

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

	<b>2022</b>		
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Net Unrealized Appreciation</b>
Common stocks	2,339,871	\$ 2,912,438	\$ 572,567
Mutual funds	888,362	1,076,655	188,293
	<b>\$ 3,228,233</b>	<b>\$ 3,989,093</b>	<b>\$ 760,860</b>
	<b>2021</b>		
	<b>Cost</b>	<b>Fair Market Value</b>	<b>Net Unrealized Appreciation</b>
Common stocks	\$ 2,393,861	\$ 3,896,294	\$ 1,502,433
Mutual funds	1,055,653	1,680,042	624,389
	<b>\$ 3,449,514</b>	<b>\$ 5,576,336</b>	<b>\$ 2,126,822</b>

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

	<b>Years ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Interest and dividends	\$ 71,036	\$ 76,231
Capital gain distributions	5,067	45,113
Net unrealized (losses) gains	(1,368,864)	453,146
Net realized gains	63,317	423,929
Total investment (loss) return	<b>\$ (1,229,444)</b>	<b>\$ 998,419</b>

**THE JOANNA FOUNDATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**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, 2022 and 2021, 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>2022</b>		
	<b>Level 1: Quoted Prices in Active Markets for Identical Assets</b>	<b>Level 2: Significant Other Observable Inputs</b>	<b>Level 3: Significant Other Unobservable Inputs</b>
Common stocks	\$ 2,912,438	\$ -	\$ -
Mutual funds	1,076,655	-	-
	<b>\$ 3,989,093</b>	<b>\$ -</b>	<b>\$ -</b>
	<b>2021</b>		
	<b>Level 1: Quoted Prices in Active Markets for Identical Assets</b>	<b>Level 2: Significant Other Observable Inputs</b>	<b>Level 3: Significant Other Unobservable Inputs</b>
Common stocks	\$ 3,896,294	\$ -	\$ -
Mutual funds	1,680,042	-	-
	<b>\$ 5,576,336</b>	<b>\$ -</b>	<b>\$ -</b>

**THE JOANNA FOUNDATION  
NOTES TO THE FINANCIAL STATEMENTS  
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**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>2022</b>	<b>2021</b>
<b>Financial assets, at end of year</b>	\$ 4,149,444	\$ 5,669,318
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	\$ 4,149,444	\$ 5,669,318

**7. SUBSEQUENT EVENTS**

Management has evaluated the impact of events and transactions occurring subsequent to December 31, 2022 through June 2, 2023, 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.