

**THE JOANNA FOUNDATION
CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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, 2023 and 2022, 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, 2023 and 2022, 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
March 7, 2024

**THE JOANNA FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022**

	2023	2022
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 163,590	\$ 160,351
Prepaid assets	1,032	1,002
Investments, at fair market value	4,612,784	3,989,093
Total Current Assets	4,777,406	4,150,446
Total Assets	\$ 4,777,406	\$ 4,150,446
<u>LIABILITIES AND NET ASSETS</u>		
<u>Liabilities</u>		
Accrued expenses	\$ 4,686	\$ -
Accrued federal excise taxes	242	1,395
Total Current Liabilities	4,928	1,395
<u>Net Assets</u>		
Without donor restrictions	4,772,478	4,149,051
Total Net Assets	4,772,478	4,149,051
Total Liabilities and Net Assets	\$ 4,777,406	\$ 4,150,446

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Contributions	\$ 176,051	\$ -
Investment return (loss)	704,480	(1,229,444)
Investment fees	<u>(35,097)</u>	<u>(37,518)</u>
 Total Net Revenues	 <u>845,434</u>	 <u>(1,266,962)</u>
<u>Expenses</u>		
Program grants	136,550	169,500
 Operating expenses:		
Payroll taxes and foreign income taxes	4,881	4,453
Legal and professional	7,630	7,700
Salaries	50,621	48,948
Federal excise taxes	2,084	1,395
Office and miscellaneous	4,266	582
Meetings	5,573	4,806
Insurance	1,200	1,202
Travel	<u>9,202</u>	<u>5,506</u>
 Total Expenses	 <u>222,007</u>	 <u>244,092</u>
 Increase (decrease) in Net Assets Without Donor Restrictions	 623,427	 (1,511,054)
 Net Assets Without Donor Restrictions, Beginning of the Year	 <u>4,149,051</u>	 <u>5,660,105</u>
 Net Assets Without Donor Restrictions, End of the Year	 <u>\$ 4,772,478</u>	 <u>\$ 4,149,051</u>

See accompanying notes to the financial statements

**THE JOANNA FOUNDATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**

	2023	2022
<u>Cash Flows from Operating Activities:</u>		
Increase (decrease) in net assets	\$ 623,427	\$ (1,511,054)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Net realized and unrealized (gains) losses on investments	(622,328)	1,305,547
Increase in operating assets:		
Prepaid assets	(30)	(28)
Increase (decrease) in operating liabilities:		
Accrued expenses	4,686	(9,450)
Accrued federal excise taxes	(1,153)	658
Net Cash Provided by (Used for) Operating Activities	<u>4,602</u>	<u>(214,327)</u>
<u>Cash Flows from Investing Activities:</u>		
Purchase of investments	(2,036,044)	(3,189,582)
Proceeds from disposition of investments	2,034,681	3,471,278
Net Cash (Used for) Provided by Investing Activities	<u>(1,363)</u>	<u>281,696</u>
Net Increase in Cash and Cash Equivalents	3,239	67,369
Cash and Cash Equivalent Balances, Beginning of Year	<u>160,351</u>	<u>92,982</u>
Cash and Cash Equivalent Balances, End of Year	<u>\$ 163,590</u>	<u>\$ 160,351</u>
<u>Supplemental Disclosures</u>		
Cash paid for Federal excise taxes	<u>\$ 3,237</u>	<u>\$ 737</u>

See accompanying notes to the financial statements

THE JOANNA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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, 2023 and 2022.

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, 2023 and 2022.

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, 2023 AND 2022

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:

	For the year ended December 31, 2023		
	Program	General and Administrative	Total
Salaries	\$ 35,435	\$ 15,186	\$ 50,621
Payroll taxes and foreign income taxes	2,711	2,170	4,881
Legal and professional	-	7,630	7,630
Federal excise taxes	-	2,084	2,084
Office and miscellaneous	2,824	1,442	4,266
Insurance	-	1,200	1,200
Travel and meetings	12,559	2,216	14,775
Charitable grants	136,550	-	136,550
	\$ 190,079	\$ 31,928	\$ 222,007

	For the year ended December 31, 2022		
	Program	General and Administrative	Total
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

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 \$2,034 and \$1,395 for the years ended December 31, 2023 and 2022, respectively.

THE JOANNA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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 \$2,909 and \$9,868 over the required minimum distribution as of December 31, 2023 and 2022, respectively.

3. INVESTMENTS

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

	2023		
	Cost	Fair Market Value	Net Unrealized Appreciation
Common stocks	2,383,949	\$ 3,324,670	\$ 940,721
Mutual funds	905,309	1,288,114	382,805
	\$ 3,289,258	\$ 4,612,784	\$ 1,323,526
	2022		
	Cost	Fair Market Value	Net Unrealized Appreciation
Common stocks	\$ 2,339,871	\$ 2,912,438	\$ 572,567
Mutual funds	888,362	1,076,655	188,293
	\$ 3,228,233	\$ 3,989,093	\$ 760,860

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

	Years ended December 31,	
	2023	2022
Interest and dividends	\$ 73,351	\$ 71,036
Capital gain distributions	8,801	5,067
Net unrealized gains (losses)	515,575	(1,368,864)
Net realized gains	106,753	63,317
Total investment return (loss)	\$ 704,480	\$ (1,229,444)

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, 2023 and 2022, 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:

	2023		
	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs
Common stocks	\$ 3,324,670	\$ -	\$ -
Mutual funds	1,288,114	-	-
	\$ 4,612,784	\$ -	\$ -
	2022		
	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Other Unobservable Inputs
Common stocks	\$ 2,912,438	\$ -	\$ -
Mutual funds	1,076,655	-	-
	\$ 3,989,093	\$ -	\$ -

**THE JOANNA FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022**

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.

	2023	2022
Financial assets, at end of year	\$ 4,776,374	\$ 4,149,444
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	\$ 4,776,374	\$ 4,149,444

7. SUBSEQUENT EVENTS

Management has evaluated the impact of events and transactions occurring subsequent to December 31, 2023 through March 7, 2024, 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.