



THE JOHN'S ISLAND FOUNDATION, INC.

Financial Statements

May 31, 2024

(With Independent Auditors' Report Thereon)

THE JOHN'S ISLAND FOUNDATION, INC.

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Independent Auditors' Report

The Board of Directors
The John's Island Foundation, Inc.:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The John's Island Foundation, Inc., which comprise the statement of financial position as of May 31, 2024, 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 accompanying financial statements present fairly, in all material respects, the financial position of The John's Island Foundation, Inc. as of May 31, 2024, 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 (GAAS). 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 The John's Island Foundation, Inc. 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 The John's Island Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

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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 GAAS 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 GAAS, 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 The John's Island Foundation, Inc.'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 John's Island Foundation, Inc.'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.

Report on Summarized Comparative Information

We have previously audited The John's Island Foundation, Inc.'s May 31, 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended May 31, 2023 is consistent, in all material respects, with the audited financial statements, referred to above, from which it has been derived.

Jacoby and Handberg, PLLC

November 19, 2024

THE JOHN'S ISLAND FOUNDATION, INC.

Statement of Financial Position

May 31, 2024

(with comparative totals as of May 31, 2023)

<u>Assets</u>	<u>2024</u>	<u>2023</u>
Current assets:		
Cash and cash equivalents	\$ 705,739	1,460,568
Investments (note 4)	1,786,267	802,911
Accounts Receivable	20,700	-
Prepaid expenses	<u>2,996</u>	<u>2,908</u>
Total current assets	<u>2,515,702</u>	<u>2,266,387</u>
Net property and equipment (note 5)	820	1,425
Deposit	<u>840</u>	<u>840</u>
Total assets	\$ <u>2,517,362</u>	<u>2,268,652</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Grants payable	50,000	207,500
Accounts payable and accrued expenses	<u>8,487</u>	<u>3,582</u>
Total current liabilities	<u>58,487</u>	<u>211,082</u>
Commitments (note 8)		
Net assets (note 6):		
Without donor restrictions:		
Undesignated	1,351,728	1,249,202
Designated for grants	600,000	300,200
Designated for Special Grants	<u>500,000</u>	<u>500,000</u>
	2,451,728	2,049,402
With donor restrictions	<u>7,147</u>	<u>8,168</u>
Total net assets	<u>2,458,875</u>	<u>2,057,570</u>
Total liabilities and net assets	\$ <u>2,517,362</u>	<u>2,268,652</u>

See accompanying notes to financial statements.

THE JOHN'S ISLAND FOUNDATION, INC.

Statement of Activities

Year ended May 31, 2024
(with comparative totals as of May 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	All Funds Combined <u>2024</u>	All Funds Combined <u>2023</u>
Revenues and other support:				
Contributions	\$ 1,870,557	—	1,870,557	1,670,699
Sponsor events revenues of \$58,500 and 52,500, net of direct costs of \$42,447 and 45,235, respectively	16,053	—	16,053	7,265
Interest and dividend income	52,579	—	52,579	24,952
Gain on investments	7,828	—	7,828	3,884
	<u>1,947,017</u>	<u>—</u>	<u>1,947,017</u>	<u>1,706,800</u>
Net assets released from restrictions	<u>1,021</u>	<u>(1,021)</u>	<u>—</u>	<u>—</u>
Total revenues and other support	<u>1,948,038</u>	<u>(1,021)</u>	<u>1,947,017</u>	<u>1,706,800</u>
Expenses:				
Program services-grants	1,397,751	—	1,397,751	1,089,105
Program services-other	<u>23,924</u>	<u>—</u>	<u>23,924</u>	<u>16,504</u>
Total program services	<u>1,421,675</u>	<u>—</u>	<u>1,421,675</u>	<u>1,105,609</u>
Supporting services:				
General administrative	76,799	—	76,799	62,260
Fund raising	<u>47,238</u>	<u>—</u>	<u>47,238</u>	<u>40,713</u>
Total supporting services	<u>124,037</u>	<u>—</u>	<u>124,037</u>	<u>102,973</u>
Total expenses	<u>1,545,712</u>	<u>—</u>	<u>1,545,712</u>	<u>1,208,582</u>
Change in net assets	402,326	(1,021)	401,305	498,218
Net assets at beginning of year	<u>2,049,402</u>	<u>8,168</u>	<u>2,057,570</u>	<u>1,559,352</u>
Net assets at end of year	\$ <u>2,451,728</u>	<u>7,147</u>	<u>2,458,875</u>	<u>2,057,570</u>

See accompanying notes to financial statements.

THE JOHN'S ISLAND FOUNDATION, INC.

Statement of Functional Expenses

Year ended May 31, 2024

(with comparative totals for the year ended May 31, 2023)

	<u>Program Services</u>	<u>Supporting Services</u>		<u>Totals</u>	
	<u>Grants</u>	<u>General Administrative</u>	<u>Fund Raising</u>	<u>2024</u>	<u>2023</u>
Grants paid	\$ 1,397,751	—	—	1,397,751	1,089,105
Payroll	20,499	20,499	20,500	61,498	41,458
Office technology and supplies	—	15,350	—	15,350	12,337
Accounting and bookkeeping fees	—	15,089	—	15,089	12,925
Printing	—	—	14,944	14,944	10,460
Rent	—	8,455	3,624	12,079	11,564
Insurance	—	6,258	—	6,258	5,895
Contract services	1,854	1,854	1,854	5,562	4,874
Payroll taxes	1,571	1,570	1,570	4,711	3,180
Promotional	—	—	3,892	3,892	9,805
Legal	—	2,518	—	2,518	2,039
Telephone	—	2,148	—	2,148	1,737
Miscellaneous	—	2,087	—	2,087	1,575
Postage	—	366	854	1,220	679
Depreciation	—	605	—	605	949
Total expenses	\$ <u>1,421,675</u>	<u>76,799</u>	<u>47,238</u>	<u>1,545,712</u>	<u>1,208,582</u>

See accompanying notes to financial statements.

THE JOHN'S ISLAND FOUNDATION, INC.

Statement of Cash Flows

Year ended May 31, 2024

(with comparative totals for the year ended May 31, 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 401,305	498,218
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Gain on investments	(7,827)	(3,884)
Depreciation expense	605	949
(Increase) decrease in:		
Receivables	(20,700)	-
Prepaid expenses	(88)	(197)
Increase (decrease) in:		
Grants payable	(157,500)	207,500
Accounts payable and accrued expenses	<u>4,905</u>	<u>(5,538)</u>
Net cash provided by operating activities	<u>220,700</u>	<u>697,048</u>
Cash flows from investing activities:		
Proceeds from the sale of investments	1,522,961	620,259
Purchase of investments	<u>(2,498,490)</u>	<u>(1,419,286)</u>
Net cash used by investing activities	<u>(975,529)</u>	<u>(799,027)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net decrease in cash and cash equivalents	(754,829)	(101,979)
Cash and cash equivalents at beginning of year	<u>1,460,568</u>	<u>1,562,547</u>
Cash and cash equivalents at end of year	\$ <u>705,739</u>	<u>1,460,568</u>

See accompanying notes to financial statements.

THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

May 31, 2024

(1) Organization

The John's Island Foundation, Inc. (the Foundation) was incorporated in April 1999 and is a tax-exempt organization under Internal Revenue Code Section 501(c)(3). The mission of the Foundation is to raise funds from the John's Island community for the purpose of making grants to agencies serving those in need in Indian River County, Florida. The focus is on providing capital funding.

(2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The Foundation presents its financial statements in accordance with ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. Topic 958 addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return.

To ensure observance of limitations and restrictions placed on the use of resources available to the Foundation, the accounts of the Foundation are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purpose and in accordance with activities or objectives specified by donors. Fund balances and transactions have been classified into two classes of net assets – without donor restrictions or with donor restrictions as follows:

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(b) Basis of Accounting

Basis of accounting is used to describe when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Foundation prepares its financial statements on the accrual basis in accordance with accounting principles generally accepted in the United States of America. Assets and related revenue are recorded when earned and related liabilities and expenses are recognized as incurred.

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THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

(c) *Revenue Recognition*

All contributions/donations are considered available for unrestricted use unless specifically restricted by the donor. Contributions/donations are considered restricted if a donor imposes a restriction that may be satisfied by the passage of time or the actions of the Foundation. A permanently restricted contribution/donation stipulates that the contribution/donation be maintained permanently but may allow the organization to use all or part of the income derived from the underlying asset for unrestricted purposes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

(d) *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the Foundation considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents. Cash equivalents at May 31, 2024 and 2023 consisted of a money market account totaling \$2,770 and \$652,684, respectively.

(e) *Investments*

Investments are reported at fair market value. At May 31, 2024 and 2023, investments consisted of U.S. Treasury Notes.

(f) *Fair Value Measurements*

Financial Accounting Standards Board Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Foundation has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

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THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

- Cash and cash equivalents: The carrying amounts, at face value or cost plus accrued interest, approximate fair value because of the short maturity and/or the market rates earned on these instruments.
- Treasury securities – The fair values are based on market pricing relative to stated interest rates.

(g) *Property and Equipment*

The Foundation capitalizes expenditures for equipment and property improvements at cost. Depreciation is provided over the estimated useful lives of the assets, which range from 5 to 7 years, using the straight line method.

(h) *Functional Expenses*

The Foundation's costs of providing program and other activities have been summarized in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated include contract services, rent, postage and miscellaneous using a time and effort methodology.

(i) *Income Taxes*

The Foundation is generally exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. In accordance with the Internal Revenue Code, the Foundation is not considered a private foundation.

The Foundation's income tax filings are subject to audit by various taxing authorities. The Foundation's open audit periods are 2021-2024.

(j) *Concentration of Credit Risk*

The Foundation maintains cash and cash equivalents with a financial institution in amounts, which at times may exceed the FDIC insurance limit. The Foundation has not experienced any losses on such accounts and does not believe it is exposed to any significant risk with respect to cash and cash equivalents.

(k) *Use of Estimates*

The preparation of financial 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. Actual results could differ from those estimates.

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THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

(1) *Prior Period Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended May 31, 2023, from which the summarized information was derived.

(3) *Liquidity and Availability*

The following represents the Foundation's financial assets as of May 31, 2024 and 2023.

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents without restrictions	\$ 698,592	1,452,400
Short term investments	<u>1,786,267</u>	<u>802,911</u>
Total financial assets	<u>2,484,859</u>	<u>2,255,311</u>
Less amounts designated for:		
Special grants	500,000	500,000
Previous year grants	600,000	300,200
Operating reserve	<u>75,000</u>	<u>75,000</u>
Total amounts designated	<u>1,175,000</u>	<u>875,200</u>
Financial assets available to meet general expenditures during the next twelve months	\$ <u>1,309,859</u>	<u>1,380,111</u>

As part of the Foundation's liquidity management, it invests cash in excess of daily requirements in short-term investments consisting of treasury bills maturing in less than one year.

The Foundation maintains designated reserves for special grants that are intended to fund emergency needs, such as hurricane related recoveries, and grants awarded with contingencies and are not available for general expenditures, however such designations may be modified at the discretion of the board of directors.

The Foundation maintains an operating reserve to provide liquidity for annual operating expenses in the event of unforeseen circumstances.

(4) *Investments*

At May 31, 2024, the Foundation's treasury securities totaling \$1,786,267, mature on varying dates between March 2025 and March 2029, and have stated interest rates between 4.125% and 4.50%.

At May 31, 2023, the Foundation's treasury security totaling \$802,911 matures in March 2024 and has a stated interest rate of 2.25%.

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THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

The Foundation's investments are measured at fair value on a recurring basis and are considered Level 2 investments at May 31, 2024, consistent with the fair value hierarchy provisions.

(5) *Property and Equipment*

A summary of property and equipment and accumulated depreciation is as follows at May 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Office Furniture	\$ 2,358	2,358
Computer equipment	<u>6,127</u>	<u>6,127</u>
	8,485	8,485
Less accumulated depreciation	<u>7,665</u>	<u>7,060</u>
Net property and equipment	\$ <u>820</u>	<u>1,425</u>

Depreciation expense amounted to \$605 and \$949 for the years ended May 31, 2024 and 2023, respectively.

(6) *Net Assets*

As of May 31, 2024 and 2023, the Foundation's board of directors designated \$500,000 in net assets without donor restrictions for special grants.

As of May 31, 2024, the Foundation's board of directors designated \$600,000 in net assets without donor restrictions for two grants approved on a contingency basis. As of May 31, 2023, the Foundation's board of directors designated \$300,200 in net assets without donor restrictions for five grants approved on a contingency basis (see note 8).

As of May 31, 2024 and 2023, the Foundation received \$10,210 in contributions, of which \$7,147 and \$8,168, respectively, were restricted for future periods.

(7) *Promises To Give*

The Foundation may be notified by donors that the Foundation has been named as a beneficiary in an estate or trust. As of May 31, 2024, the Foundation has received three such notifications. The Foundation has been named as an irrevocable \$25,000 beneficiary from a charitable remainder trust. In addition, the Foundation has been conditionally named as a \$50,000 beneficiary from a donor's life insurance policy. The Foundation has also been conditionally named as a \$90,000 beneficiary from a charitable award program. In accordance with the Foundation's accounting policies and basis of presentation, these pledges are conditional and have not been reflected in the accompanying financial statements.

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THE JOHN'S ISLAND FOUNDATION, INC.

Notes to Financial Statements

(8) Grant Awards

Grant awards for the years ended May 31, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Grants paid in year granted	\$ 1,197,551	881,605
Prior year grants paid in current year	200,200	-
Grants accrued in year granted	<u>-</u>	<u>207,500</u>
Total grant expense	1,397,751	1,089,105
Grants with unmet contingencies	<u>600,000</u>	<u>300,200</u>
Total grant awards	\$ <u>1,997,751</u>	<u>1,389,305</u>

Unconditional grants are expensed in the fiscal year in which they are awarded. Grants with contingencies are expensed in the year in which all contingencies are met. Contingencies may require receipt of permits or other governmental approvals, securing matching or remaining funding, or resolving minor issues raised in due diligence.

(9) Lease Commitments

The Foundation leases office space under a twelve-month lease agreement that provides for monthly payments of \$987 from February 1, 2023 through January 31, 2024. Effective February 1, 2024, the lease was renewed and provides for monthly payments of \$1,034 from February 1, 2024 through January 31, 2025. Future minimum lease payments for the office space as of May 31, 2024 amounts to \$8,272 for the year ending May 31, 2025. This lease qualifies as a short-term lease and is therefore eligible for an exemption to the reporting under ASC 842, *Leases*. The Foundation has elected this exemption, and therefore has not applied the provisions of ASC 842 to this lease.

Total rent expense incurred by the Foundation for the years ended May 31, 2024 and 2023 amounted to \$12,079 and \$11,564, respectively.

(10) Subsequent Events

In preparing these financial statements, management has evaluated subsequent events and transactions for potential disclosure through November 19, 2024, the date the financial statements were available to be issued.