

OSPREY VILLAGE, INC. (a non-profit corporation)

FINANCIAL STATEMENTS

Year Ended December 31, 2017

**OSPREY VILLAGE, INC.
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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors of Osprey Village, Inc.
Bluffton, SC

We have reviewed the accompanying financial statements of Osprey Village, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Michael P Thompson CPA PC

Michael P Thompson, CPA PC
May 15, 2018

OSPREY VILLAGE, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

| | | |
|---------------------------------------|----------------|-------------------|
| Cash | | \$ 47,330 |
| Cash Restricted for Specific Purposes | | 13,130 |
| Accounts Receivable | | 20,039 |
| Thrift Shop Inventory | | 25,772 |
| Property and Equipment | | |
| Leasehold Improvements | 65,186 | |
| Vehicles | <u>29,819</u> | |
| | 95,005 | |
| Accumulated Depreciation | <u>(8,563)</u> | |
| | | 86,442 |
| Land Restricted for Building Project | | <u>372,000</u> |
| | TOTAL ASSETS | <u>\$ 564,713</u> |

LIABILITIES AND NET ASSETS

| | | |
|----------------------------|----------------------------------|-------------------|
| Current Liabilities | | \$ 5,660 |
| Net Assets | | |
| Without Donor Restrictions | | |
| Undesignated | | 173,923 |
| With Donor Restrictions | | |
| Purpose Restrictions | | <u>385,130</u> |
| | TOTAL NET ASSETS | <u>559,053</u> |
| | TOTAL LIABILITIES AND NET ASSETS | <u>\$ 564,713</u> |

See accompanying notes and accountants' review report.

OSPREY VILLAGE, INC.
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:

| | |
|---|-------------------|
| Revenues and Support | |
| Gifts in Kind-Goods | \$ 300,998 |
| Thrift Store Sales | 285,519 |
| Contributions | 65,815 |
| Employment Services | 56,159 |
| Respite Care | 21,868 |
| Fundraising | 19,585 |
| Capital Campaign | 8,750 |
| Corporate/Foundation Grants | 3,582 |
| Rental Income | 2,200 |
| Other | 1,640 |
| Legacies and Bequests | 1,474 |
| Interest | 28 |
| TOTAL REVENUE AND SUPPORT WITHOUT DONOR RESTRICTIONS | <u>767,618</u> |
| NET ASSETS RELEASED FROM RESTRICTIONS | |
| Satisfaction of Any Related Donor Restrictions | <u>7,000</u> |
| TOTAL NET ASSETS RELEASED FROM RESTRICTIONS | <u>7,000</u> |
| TOTAL REVENUES AND SUPPORT WITHOUT DONOR RESTRICTIONS | 774,618 |
| Expenses: | |
| Program Service: | |
| Thrift Store | 602,366 |
| Services | 162,379 |
| Supporting Services: | |
| Management and General | 185,803 |
| Fundraising | <u>103,445</u> |
| TOTAL EXPENSES | <u>1,053,993</u> |
| DECREASE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | (279,375) |
| CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS: | |
| Donation in Kind-Land | 372,000 |
| Corporate/Foundation Grants | 11,000 |
| Net Assets Released From Restrictions | <u>(7,000)</u> |
| INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS | <u>376,000</u> |
| INCREASE IN TOTAL NET ASSETS | 96,625 |
| NET ASSETS AT BEGINNING OF YEAR | <u>462,428</u> |
| NET ASSETS AT END OF YEAR | <u>\$ 559,053</u> |

See accompanying notes and accountants' review report.

OSPREY VILLAGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2017

| | PROGRAM | | | SUPPORT | |
|-----------------------------------|---------------|------------|-------------|-------------|-------------|
| | Thrift Stores | Services | Mgmt & Genl | Fundraising | TOTAL |
| Compensation and related expenses | \$ 96,607 | 155,459 | 160,413 | | \$ 412,479 |
| Outside Contract Services | | | | | |
| Engineering | | | | | - |
| Research and Development | | | | | - |
| Consulting | | | 1,920 | 84,000 | 85,920 |
| Occupancy | | | | | - |
| Rent | 160,081 | | 10,950 | | 171,031 |
| Utilities | 8,806 | | 413 | | 9,219 |
| Insurance | 2,639 | | | | 2,639 |
| Telephone and Internet | 3,262 | | | | 3,262 |
| Depreciation | 6,252 | | 181 | | 6,433 |
| Dues and Subscriptions | | 65 | 480 | 1,465 | 2,010 |
| Office Administration | | | | | - |
| Credit Card Charges | 4,335 | 131 | 188 | 180 | 4,834 |
| Supplies | 8,246 | 104 | 1,632 | 55 | 10,036 |
| Equipment | 1,899 | 99 | | | 1,998 |
| Printing and Copying | 402 | | 508 | 9,149 | 10,059 |
| Postage | | | 184 | 430 | 614 |
| Petty Cash Expense | 260 | | | | 260 |
| Miscellaneous | 1,000 | | | 157 | 1,157 |
| Website | | | 300 | | 300 |
| Advertising and Marketing | 14,498 | | 4,398 | | 18,896 |
| Conferences and Travel | 2,083 | 2,991 | 1,897 | | 6,971 |
| Vehicle Expense | 5,737 | | | | 5,737 |
| Information Technology | 740 | 55 | 929 | 10 | 1,734 |
| Insurance-Liability and D & O | | 3,475 | 1,410 | | 4,885 |
| Cost of Goods Sold | 285,519 | | | | 285,519 |
| Event Costs | | | | 7,999 | 7,999 |
| | \$ 602,366 | \$ 162,379 | \$ 185,803 | \$ 103,445 | \$1,053,993 |

See accompanying notes and accountants' review report.

OSPREY VILLAGE, INC.
STATEMENT OF CASH FLOWS
Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|--------------|
| Change in net assets | \$ 96,625 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation | 6,433 |
| Increase in Accounts Receivable | (20,016) |
| Increase in Inventory | (15,480) |
| Increase in Accounts Payables | 2,454 |
| Increase in Payroll Liabilities | <u>2,984</u> |
| NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | 73,000 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|------------------|
| Purchase of Leasehold Improvements | (37,553) |
| Receipt of Donation of Land | <u>(372,000)</u> |
| NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES | (409,553) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | |
|--|--------------------------|
| | <u>-</u> |
| NET DECREASE IN CASH AND CASH EQUIVALENTS | (336,553) |
| CASH AND CASH EQUIVALENTS at beginning of year | <u>397,013</u> |
| CASH AND CASH EQUIVALENTS at end of year | <u>\$ 60,460</u> |

See accompanying notes and accountants' review report.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES

Organization

Osprey Village, Inc. (the Organization, we, us, our) is organized for the purpose of developing a “Neighborhood with a Purpose” in Beaufort County to serve the lives of adults with intellectual and developmental disabilities (IDD). The vision is that adults with intellectual and developmental disabilities are provided the opportunity to live as independently as possible and are given the support to make choices among residential options, employment opportunities, social and recreational activities, and skills training to achieve the goals to which they aspire.

Individualized Employment Service

Individualized Employment Service is a one-on-one employment program. Osprey Village Inc employs a job coach, who assesses individuals’ skills, preferences, and needs. The job coach works with each consumer weekly to move through the processes of developing vocational skills, seeking employment, acquiring employment, and maintaining employment. The job coach works with area businesses to market adults with IDD in the workplace. The job coach provides on-the-job skills training.

Respite Service

Respite service is designed to give primary caregivers a break from caregiving duties. Osprey Village Inc employs two respite providers. Respite providers manage care of individuals with IDD in the home; teaching independent living skills. This can include laundry, housekeeping, meal preparation, and budgeting. Respite providers develop social settings in the community for adults with IDD to have meaningful activities with their peers outside of the home. This can include fitness, arts programs, grocery shopping, transportation training (i.e. Uber and public transit), and recreational activities.

The Organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, maintains its headquarters in Hilton Head, SC, and has thrift stores at locations within the region.

The Organization is supported by grants, donations (either cash or in kind) from the citizens and businesses of the surrounding area and the state of South Carolina. Non-cash items are liquidated through sales in the thrift stores.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Thrift Store

The Organization signed a lease to open a second thrift store that also provides 1300 square feet of office space for the staff to meet with clients, a conference room for board meetings, and additional space for partner organizations to work with Osprey Village. The new thrift store and offices opened in late March, 2017, and a local nonprofit organization has been engaged that serves adults with IDD to have a work enclave come and clean the new store and office areas.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial investments with an original maturity of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consist primarily of noninterest-bearing amounts due for individualized employment and respite services. The vast majorities of these services are reimbursed by Medicaid and are billed to Beaufort County Department of Special Needs, who is the financial manager for most of Osprey Village's clients. The county renders payment to the Organization. We determine the allowance for uncollectible accounts receivable based on historical experience, and assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2017, there was not an allowance. We consider the receivables to be collectible because the services are provided under a contract with a state agency.

Inventory

Inventory, which consists of donated goods for the thrift store, is stated at estimated fair value at the date of the gift. Fair value is determined using sales history and as such approximates the actual sales price of the donated items.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Property and Equipment

The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 15 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restriction. Net assets restricted at 12/31/2017 are cash of \$2,130 which is restricted for future use in future development of housing of adults with disabilities, cash of \$11,000 which is restricted for transportation training using Uber or public transportation, and land appraised at \$372,000 which was donated for the development of the Village.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Donated Services and In-Kind Contributions

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization but these services do not meet the recognition criteria prescribed by the generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation.

Advertising

Advertising costs are expensed as incurred for the year ended December 31, 2017.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

Osprey Village, Inc. is organized as a South Carolina nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code and qualify for charitable contribution deduction under IRC Sections 170(b)(1)(A) and has been determined not to be a private foundation under Sec 509(a)(2). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. We have determined that Osprey Village, Inc is not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 1 – PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES CONTINUED

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of 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, and those differences could be material.

Concentration of Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered limited due to outstanding amounts being due from governmental agencies.

Recent Accounting Guidance

The Financial Accounting Standards Board (FASB) issued FASB Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities in August, 2016. The amendments in this Update make certain improvements that address many, but not all, of the identified issues about the current financial reporting for Not-for-Profits. The amendments in this Update are effective for annual financial statements issued for fiscal years beginning after December 15, 2017. The Organization implemented an early application for the financial statements ending December 31, 2017.

Subsequent Events

Subsequent events were evaluated through May 15, 2018, which is the date the financial statements were available to be issued.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

| | |
|--|------------------|
| Cash and Cash Equivalents Without Restrictions | \$ 47,330 |
| Accounts Receivable | 20,039 |
| Thrift Shop Inventory | <u>25,772</u> |
| | <u>\$ 93,141</u> |

As part of our liquidity management plan, we invest cash in excess of daily requirements in money market funds.

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES

The following programs and supporting services are included in the accompanying financial statements:

Services

The Organization offers individualized employment services and respite care services as described in Note 1

Thrift Store

The thrift store provides ongoing operational funds for the Organization that are dedicated to developing a “Neighborhood with a Purpose” to support intellectually challenged and developmentally disabled adults in the area. The Thrift Store can also serve as a job/vocational training setting for these special needs adults.

Management and General

Management and general expenses include the functions necessary to provide coordination and articulation of the Organization’s program strategy; secure proper administrative functioning of the Board of Directors; and manage the financial and budgetary responsibilities of the Organization.

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 3 – DESCRIPTION OF PROGRAM AND SUPPORTING SERVICES CONTINUED

Fund-raising

Fundraising provides the structure necessary to encourage and secure private financial support from individuals and corporations.

NOTE 4 – LEASES

Operating Leases

The Organization has a lease for the thrift store located in Okatie, SC for three years, January 1, 2016 and ending December 31, 2018. Rental expense for this lease was \$45,540 for the year ended December 31, 2017.

Future minimum lease payments under the lease for the Okatie store at December 31, 2017 are:

Year ended December 31:

| | |
|------|------------------|
| 2018 | <u>\$ 45,540</u> |
|------|------------------|

The Organization has a lease for the thrift store and offices in Hilton Head, SC for six years, March, 2017 and ending December 31, 2022. Rental expense for this was \$121,673 for the year ended December 31, 2017.

Future minimum lease payments under the Hilton Head store at December 31, 2017 are:

Year ended December 31:

| | |
|------|-------------------|
| 2018 | \$ 167,184 |
| 2019 | 167,184 |
| 2020 | 167,184 |
| 2021 | 167,184 |
| 2022 | <u>45,511</u> |
| | <u>\$ 714,247</u> |

OSPREY VILLAGE, INC.
NOTES TO FINANCIAL STATEMENTS
Year Ended December 31, 2017

NOTE 5 – ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, and other expenses, which are allocated on the basis of estimates of time and effort.

NOTE 6 – RELATED PARTY TRANSACTIONS

During the year ended December 31, 2017, we purchased workers compensation insurance totaling \$807 and business liability insurance totaling \$1,460.68 from companies that employ members of our Board of Directors.