

OSPREY VILLAGE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

OSPREY VILLAGE, INC.
Hilton Head Island, South Carolina

December 31, 2020 and 2019

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Independent Auditor's Report

To the Board of Directors
Osprey Village, Inc.
Hilton Head Island, South Carolina

We have audited the accompanying financial statements of ***Osprey Village, Inc.*** (the "Village") which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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 Village as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matter

The December 31, 2019, financial statements were reviewed by us and our report thereon, dated June 30, 2020, stated that we were not aware of any material modifications that should be made to those financial statements for them to be in conformity with accounting principles generally accepted in the United States of America. However, a review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements.

WebsterRogers LLP

Bluffton, South Carolina
May 13, 2021

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OSPREY VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	<u>2020</u> <u>Audited</u>	<u>2019</u> <u>Reviewed</u>
ASSETS		
Cash	\$ 193,356	\$ 61,723
Cash designated for specific purposes	30,000	20,046
Cash-restricted	2,223	2,223
Accounts receivable	3,264	12,200
Promises to give	30,000	200,000
Investments-restricted	126,065	4,536
Property and equipment, net	49,971	54,319
Land restricted for building project	372,000	372,000
Assets of discontinued operations	-	97,413
TOTAL ASSETS	<u>\$ 806,879</u>	<u>\$ 824,460</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 146	\$ 4,339
EIDL Loan	150,000	-
Total liabilities	<u>150,146</u>	<u>4,339</u>
Net Assets		
Without donor restrictions		
Undesignated	99,136	321,316
Board designated	30,000	20,046
Total net assets without donor restrictions	129,136	341,362
With donor restrictions		
Purpose and time restrictions	<u>527,597</u>	<u>478,759</u>
Total net assets	<u>656,733</u>	<u>820,121</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 806,879</u>	<u>\$ 824,460</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020 Audited	2019 Reviewed
Changes in net assets without donor restrictions		
Revenue and support		
Thrift store	\$ -	\$ 404,098
Gifts in kind-goods	-	401,838
Contributions	77,630	84,389
Grants	70,913	7,180
Respite care	19,630	37,081
Employment services	8,435	20,803
Fundraising	14,899	66,478
Other	650	7,286
Net investment income	835	763
	<u>192,992</u>	1,029,916
Net assets released from restrictions		
Satisfaction of any related donor restrictions	<u>160,000</u>	291,663
Total revenue and support without donor restrictions	<u>352,992</u>	<u>1,321,579</u>
Expenses		
Program service		
Thrift store	97,413	759,916
Services	173,094	105,034
Supporting services		
Management and general	276,142	223,336
Fundraising	18,569	31,559
Total expenses	<u>565,218</u>	<u>1,119,845</u>
Increase (decrease) in net assets without donor restrictions	<u>(212,226)</u>	<u>201,734</u>
Changes in net assets with donor restrictions		
Donations	210,000	2,526
Government grants	-	200,000
Net investment loss	(1,162)	(122)
Net assets released from restrictions	<u>(160,000)</u>	<u>(291,663)</u>
Increase (decrease) in net assets with donor restrictions	<u>48,838</u>	<u>(89,259)</u>
Change in total net assets	<u>(163,388)</u>	112,475
Net assets at beginning of year	<u>820,121</u>	<u>707,646</u>
Net assets at end of year	<u>\$ 656,733</u>	<u>\$ 820,121</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

**STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u> <u>Audited</u>	<u>2019</u> <u>Reviewed</u>
Cash Flows From Operating Activities		
Change in total net assets	\$ (163,388)	\$ 112,475
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	4,348	8,608
Donation of assets of discontinued operations	48,395	-
(Increase) decrease in:		
Receivables	8,936	(7,817)
Promise to give	170,000	(200,000)
Inventory	-	(4,431)
Increase (decrease) in:		
Accounts payable	(4,193)	(1,657)
Net cash flows provided by (used in) operating activities	<u>64,098</u>	<u>(92,822)</u>
Cash Flows From Investing Activities		
Purchase of investments	<u>(121,529)</u>	<u>(4,536)</u>
Net cash flows used in investing activities	<u>(121,529)</u>	<u>(4,536)</u>
Cash Flows From Financing Activities		
Proceeds from EIDL loan	<u>150,000</u>	<u>-</u>
Net cash flows from financing activities	<u>150,000</u>	<u>-</u>
Net increase (decrease) in cash, cash equivalents, and restricted cash	92,569	(97,358)
Cash, Cash Equivalents, and Restricted Cash at Beginning of Year	<u>133,010</u>	<u>230,368</u>
Cash, Cash Equivalents and Restricted Cash at End of Year	<u>\$ 225,579</u>	<u>\$ 133,010</u>
Reported as:		
Cash	\$ 193,356	\$ 61,723
Cash-designated for specific purposes	30,000	20,046
Cash-restricted	2,223	2,223
Cash of discontinued operations	-	49,018
	<u>\$ 225,579</u>	<u>\$ 133,010</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020 - AUDITED

	Program		Support		Total
	Thrift Stores	Services	Management & General	Fundraising	
Compensation and related expenses	\$ -	\$ 102,699	\$ 249,569	\$ -	\$ 352,268
Occupancy					
Rent	-	-	9,377	-	9,377
Depreciation	-	-	4,348	-	4,348
Office administration					
Credit card charges	-	-	-	4,339	4,339
Supplies	-	-	1,398	40	1,438
Printing and copying	-	-	1,415	-	1,415
Postage	-	-	622	12	634
Miscellaneous	-	-	855	-	855
Outside contract services					
Consulting	-	-	2,190	-	2,190
Dues and subscriptions	-	-	946	5,865	6,811
Advertising and marketing	-	-	3,408	7,943	11,351
Conferences and travel	-	4,899	177	-	5,076
Information technology	-	-	367	47	414
Insurance-liability and D&O	-	3,089	1,308	-	4,397
Capital building project professional fees	-	62,407	-	-	62,407
Website	-	-	162	-	162
Event costs	-	-	-	323	323
Donations of discontinued operations	97,413	-	-	-	97,413
	<u>\$ 97,413</u>	<u>\$ 173,094</u>	<u>\$ 276,142</u>	<u>\$ 18,569</u>	<u>\$ 565,218</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

**STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019 - REVIEWED**

	Program		Support		Total
	Thrift Stores	Services	Management & General	Fundraising	
Compensation and related expenses	\$ 118,416	\$ 95,620	\$ 186,620	\$ -	\$ 400,656
Costs of goods sold	397,407	-	-	-	397,407
Occupancy					
Rent	192,145	-	16,027	-	208,172
Utilities	9,249	-	-	-	9,249
Insurance	1,288	-	-	-	1,288
Telephone and internet	3,583	-	-	-	3,583
Depreciation	8,436	-	172	-	8,608
Office administration					
Credit card charges	6,832	-	100	691	7,623
Supplies	4,592	-	214	63	4,869
Equipment	39	103	-	-	142
Printing and copying	350	-	1,352	-	1,702
Postage	165	-	393	1,063	1,621
Miscellaneous	713	459	1,862	517	3,551
Outside contract services					
Consulting	-	-	330	5,438	5,768
Dues and subscriptions	-	800	1,090	412	2,302
Advertising and marketing	11,120	-	3,542	3,958	18,620
Conferences and travel	132	5,553	1,904	-	7,589
Vehicle expenses	5,406	-	-	-	5,406
Information technology	43	694	8,382	-	9,119
Insurance-liability and D&O	-	1,805	1,348	-	3,153
Event costs	-	-	-	19,417	19,417
	<u>\$ 759,916</u>	<u>\$ 105,034</u>	<u>\$ 223,336</u>	<u>\$ 31,559</u>	<u>\$ 1,119,845</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 1. Nature of Operations

Osprey Village, Inc. (the Village) is organized for the purpose of developing a "Neighborhood with a Purpose" in Jasper 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.

The Village maintains its headquarters in Hilton Head, South Carolina.

The Village is supported by grants and 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. The thrift stores were discontinued as part of the Village's operations as of January 1, 2020.

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

Individualized Employment Service

Individualized Employment Service is a one-on-one employment program. The Village employs a job coach who assesses individuals' skills, preferences, and needs. The job coach works with each individual 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. The Village 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.

Thrift Stores

The thrift stores located in Okatie and Hilton Head Island provide ongoing operational funds for the Village that are dedicated to developing a "Neighborhood with a Purpose" to support intellectually challenged and developmentally disabled adults in the area. The thrift stores can also serve as a job/vocational training setting for these special needs adults. The thrift stores were discontinued as part of the Village's operations as of January 1, 2020.

Management and General

Management and general expenses include the functions necessary to provide coordination and articulation of the Village's program strategy, secure proper administrative functioning of the Board of Directors, and manage the financial and budgetary responsibilities of the Village, as well as the planning and management of the neighborhood housing project which is currently under development.

Fundraising

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

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies

Basis of accounting

The financial statements of the Village have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America applicable to nonprofit organizations.

Financial statement presentation

The Village reports information regarding its financial position and activities according to two classes of net assets: Net assets without donor restrictions and net assets with donor restrictions. A description of the two net asset categories follows:

Net assets without donor restrictions - net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions also include funds designated for specific purposes by action of the Board of Directors.

Net assets with donor restrictions - net assets subject to donor-imposed stipulations that may or will be met either by actions of the Village and/or the passage of time. 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 donor restrictions.

Cash, cash equivalents, and restricted cash

The Village considers all cash and highly liquid financial investments with an original maturity of three months or less to be cash and cash equivalents regardless of any usage restrictions.

Investments

Investments held at the Community Foundation of the Lowcountry, Inc. in Note 6, are reported at cost if purchased or at fair value if donated. Thereafter, investments are reported at their fair values in the statements of financial position. The detail of the investments is not presented as they are held in pooled accounts.

Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, unrealized and realized capital gains and losses less external investment expenses. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or law.

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 Village. The Village determines the allowance for uncollectible accounts receivable based on historical experience, assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. At December 31, 2020 and 2019, there was no allowance. The Village considers the receivables to be collectible because the services are provided under a contract with a state agency.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies (Continued)

Promises to give

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. All promises to give are expected to be fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

Contributions

Under generally accepted accounting principles for nonprofit organizations, contributions received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received.

Donor restricted support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a 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 statements of activities as net assets released from restrictions.

Grants

Grants consist of reimbursable federal or state grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Village has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Donated services and in-kind contributions

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

Revenue recognition

Revenue contracts with customers

The Village recognizes revenue from contracts with customers in accordance with ASC Topic 606, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as the performance obligations are satisfied

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

Revenue contracts with customers (continued)

The Village recognizes revenues from contracts with customers when the related performance obligation is satisfied at transaction amounts expected to be received as described below. Amounts received for future periods are deferred and recognized as revenue in the period to which they apply.

Various economic factors affect revenue and cash flows. The Village is exposed to risks associated with conditions affecting the economy for that geographical area. Significant changes in the economy could affect the nature, amounts, timing, and uncertainty of revenue recognition and cash flows.

Contracts with customers and performance obligations

The Village's revenue from contracts with customers is generated from providing educational and respite services and from sales at its thrift stores. Revenue is recognized when the customer receives a service, purchases merchandise, and no significant obligations remain. The customers are billed monthly for services.

The Village considers the following services to be contracts with customers and are recognized over time, using the output method, as the customer receives the benefits at the same time the Village performs those benefits. Services include employment and respite care assistance.

The Village considers the following sales to be contracts with customers and are recognized at a point in time when ownership, risks, and rewards transfer. This includes sales at the thrift stores.

Disaggregation of revenue

	<u>2020</u>	<u>2019</u>
Thrift store sales	\$ -	\$ 404,098
Reimbursement for employment and respite care services	<u>28,065</u>	<u>57,884</u>
Total revenue recognized under ASC 606	<u>\$ 28,065</u>	<u>\$ 461,982</u>

Contract balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable on the statements of financial position. Amounts billed as services are performed in accordance with agreed upon contractual terms at periodic intervals. Generally, billing occurs simultaneously to revenue recognition resulting in contract receivables. As of December 31, 2020 and 2019, the contract receivables were \$3,264 and \$12,200, respectively.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of Significant Accounting Policies (Continued)

Property and equipment

The Village 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. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts.

Functional allocation of expenses

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

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended December 31, 2020 and 2019, was \$11,351 and \$18,620, respectively.

Fair value measurements

Accounting principles generally accepted in the United States of America provide a framework for measuring fair value (FASB ASC 820-10), *Fair Value Measurements and Disclosures*. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820-10 are described below:

- Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
- Level 2 Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specific (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 2. Summary of 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.

Recently issued pronouncements

In February 2016, the FASB issued new guidance ASU 2016-02, *Leases (Topic 842)*, which will require leases to be recorded as an asset on the balance sheet for the right to use leased asset and a liability for the corresponding lease obligation for leases with terms of more than 12 months. ASU 2016-02 is effective for annual periods beginning after December 15, 2020, with early adoption permitted. On May 20, 2020, the FASB extended the effective date to reporting periods after December 15, 2021. The Village is currently evaluating the impact of this new guidance on its financial statements.

Other accounting standards that have been issued or proposed by the FASB or other standard-setting bodies are not expected to have a material impact on the Village's net assets or changes in net assets.

Reclassifications

Certain accounts have been reclassified in the 2019 financial statements due to the discontinued operations described in Note 3. The accounts have been combined in the accompanying statements of financial position. There has been no change to net assets and changes in net assets as a result of this reclassification.

Note 3. Discontinued Operations

Effective January 1, 2020, a new company was formed to operate the thrift stores, Osprey Village Thrift Stores, LLC (OVT). The Village donated all assets related to the thrift stores to OVT. The assets were donated at their book value as of January 1, 2020, and are reported in donations of discontinued operations on the statements of functional expenses.

Cash	\$ 49,018
Inventory	33,486
Vehicles, net	<u>14,909</u>
Total donation	<u>\$ 97,413</u>

Note 4. Concentrations of Risk

The Village manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by the Village to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Village has 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.

Note 5. 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:

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 5. Liquidity and Availability (Continued)

	2020	2019
Cash and cash equivalents without restrictions	\$ 193,356	\$ 61,723
Accounts receivable	3,264	12,200
Promise to give	30,000	200,000
	\$ 226,620	\$ 273,923
Financial assets available to meet general expenditures over the next 12 months	\$ 226,620	\$ 273,923

As part of the Village’s liquidity management plan, the Village invests cash in money market funds in excess of daily requirements. The Board of Directors has designated \$30,000 to the capital fund in order to attain the final \$30,000 in matching funds from the Community Foundation of the Lowcountry grant award mentioned in Note 6. Board designated funds total \$30,000 and \$20,046 at December 31, 2020 and 2019, respectively. The Board does not intend for this amount to be appropriated for general expenditures, but it could be made available if necessary.

Note 6. Investments

In 2019, Osprey Village Inc. entered into a grant agreement with the Community Foundation of the Lowcountry, Inc. (the Foundation) known as the “Leading the Way Fund.” The mission of the fund is to provide support for the development and sustainability of Osprey Village. Within the financial statements the Leading the Way Funds held at the Foundation comprise of agency and third-party funds.

Activity of the agency fund is as follows:

	2020	2019
Beginning balance of investments	\$ 2,586	\$ -
Contributions	6,900	2,708
Investment income (loss)	(18)	28
Investment fees	(66)	(150)
Expenses	(8,874)	-
	\$ 528	\$ 2,586
Ending balance of investments	\$ 528	\$ 2,586
Spendable portion of investments	\$ 528	\$ 2,586

Activity of the third-party fund included in these financial statements is as follows:

	2020	2019
Beginning balance of investments	\$ 1,950	\$ -
Contributions	173,555	1,950
Investment income	165	-
Investment fees	(1,243)	-
Expenses	(48,890)	-
	\$ 125,537	\$ 1,950
Ending balance of investments	\$ 125,537	\$ 1,950
Spendable portion of investments	\$ 125,537	\$ 1,950

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

Note 6. Investments (Continued)

The following schedule details the investment return, net of expenses, as reflected in the statements of activities for the years ended December 31:

	2020	2019
Without donor restrictions		
Interest	\$ 835	\$ 763
With donor restrictions		
Investment fees	(1,309)	(150)
Unrealized gain on investments	147	28
	(1,162)	(122)
Net investment income (loss)	\$ (327)	\$ 641

Note 7. Property and Equipment

Property and equipment consist of the following as of December 31:

	Estimated depreciated useful lives (years)	2020	2019
Leasehold Improvements	15yrs SL	\$ 65,186	\$ 65,186
Accumulated depreciation		(15,215)	(10,867)
Net property and equipment		\$ 49,971	\$ 54,319

The Village owns land which is restricted by the donor for the capital building project. It was recorded at fair value of \$372,000 when received. In 2020, the Village obtained an appraisal for the property which valued the land at \$1,960,000.

Note 8. Long-Term Debt

The Village obtained a \$150,000 COVID-19 Economic Injury Disaster Loan (EIDL) in June 2020. The interest rate is 2.75% and is repayable over 30 years. The 1st payment is due in January 2022 with interest accruing during the deferral period.

The schedule of future payments is as follows as of December 31:

2021	\$ -
2022	5,000
2023	5,000
2024	5,000
2025	5,000
Thereafter	130,000
	\$ 150,000

OSPREY VILLAGE, INC.

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Note 9. Leases

Operating leases

The Village had a lease for the thrift store located in Okatie, South Carolina for three years beginning January 1, 2016, and ended in December 31, 2018. The lease was renewed for an additional three years in 2018. Rental expense for this lease was \$41,145 for the year ended December 31, 2019. The Village also has a lease for the thrift store and offices in Hilton Head Island, South Carolina from March 31, 2017, and ending December 31, 2022. Rental expense for this was \$120,000 for the year ended December 31, 2019.

Effective January 1, 2020, the Village has a verbal agreement with OVT where OVT pays the lease. In 2020, the amounts paid were \$46,200 and \$120,000 for Okatie and Hilton Head Island, respectively.

It is expected that the related party will make the remaining payments in the table below; however, the Village is responsible for the remaining lease terms.

Future minimum lease payments under the leases are:

<u>Year Ending December 31,</u>	<u>2021</u>	<u>2022</u>
Okatie	\$ 46,200	\$ -
Hilton Head	<u>120,000</u>	<u>40,000</u>
Total lease	<u>\$ 166,200</u>	<u>\$ 40,000</u>

The Village pays OVT for use of a small portion for the office space in Hilton Head Island; the expense for the office for the year ended December 31, 2020, was \$9,377.

Note 10. Net Assets With Donor Restrictions

During the years ended December 31, 2020 and 2019, the Village received contributions, net of investment losses, restricted for specific purposes in the amounts of \$208,838 and \$202,404, respectively.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	<u>2020</u>	<u>2019</u>
Expiration of time restrictions	<u>\$ 100,000</u>	<u>\$ 278,570</u>
Satisfaction of purpose restriction		
Capital building campaign	60,000	-
Training	<u>-</u>	<u>13,093</u>
	<u>60,000</u>	<u>13,093</u>
	<u>\$ 160,000</u>	<u>\$ 291,663</u>

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
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Note 10. Net Assets With Donor Restrictions (Continued)

The total donor restricted net asset balances are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Restricted by purpose		
Land for housing	\$ 372,000	\$ 372,000
Development of housing	153,374	4,536
Ongoing training	<u>2,223</u>	<u>2,223</u>
Total assets restricted by purpose	527,597	378,759
Restricted by time		
Services and administration	<u>-</u>	<u>100,000</u>
	<u>\$ 527,597</u>	<u>\$ 478,759</u>

Note 11. Income Tax Status

The Village 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 qualifies 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 Village is annually required to file a Return of Organizations Exempt From Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, the Village is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Village has determined that the Village is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Note 12. Related-Party Transactions

OVT was formed in 2020 to operate the thrift stores formerly reported in the Village's financial statements. OVT's purpose is to provide training opportunities for clients of the Village and operational funds to the Village. As mentioned in Note 9, the Village leases two buildings that are used by the thrift stores. The Village has a verbal agreement with OVT that they pay the rent to the lessor. This totaled \$166,200 for 2020. The Village maintains an office in the building on Hilton Head Island and paid \$9,377 to OVT in 2020.

Note 13. Impact of COVID-19

The extent of impacts of COVID-19 on the Village's operational and financial performance will depend on certain future developments, which are currently not determinable, including: the duration and spread of the pandemic, the availability and effectiveness of vaccines, the effects on the U.S. and global economy, and the impacts on the Village's donors, employees, and vendors. During 2020, the Village was unable to provide services to its clients for three months and operated at 50% capacity for six months. The overall extent to which COVID-19 may impact the Village's future financial position, changes in net assets, and cash flows is uncertain, and the accompanying consolidated financial statements include no adjustments that may result from future impacts of this pandemic.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

Note 13. Impact of COVID-19 (Continued)

The Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) enacted by the Federal government created the Paycheck Protection Program (“PPP”) to offer cash flow assistance to nonprofit and small business employers, with the intent that employers would retain employees and their compensation level, despite economic uncertainty caused by the pandemic. The Village received a PPP loan in the amount of \$63,913. The loan was forgiven on December 9, 2020, and is reported in grants revenue in the accompanying statements of activities and changes in net assets. As mentioned in Note 8, the Village applied for and received an EIDL loan of \$150,000.

Note 14. Subsequent Events

Subsequent to year end, the Village received a second Paycheck Protection Program (PPP) loan as provided under the Consolidated Appropriations Act, 2021 (“CAA”) and administered by the federal Small Business Administration (SBA) in the amount of \$43,255. This loan bears interest at 1%. The loan amount may be forgiven if the proceeds are spent on payroll and other qualifying non-payroll costs incurred over the 24-week period following the receipt of funds.

Subsequent events were evaluated through May 13, 2021, which is the date the financial statements were available to be issued. Except as noted above there are no additional subsequent events requiring disclosure as of this date.