

OSPREY VILLAGE, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

OSPREY VILLAGE, INC.
Hilton Head Island, South Carolina

December 31, 2021 and 2020

C O N T E N T S

INDEPENDENT AUDITOR'S REPORT	1 - 2
------------------------------	-------

FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6 - 7
Notes to Financial Statements	8 - 17

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of **Osprey Village, Inc.** (the "Village") which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities and changes in net assets, cash flows and functional expenses 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 Village as of December 31, 2021 and 2020, and the results of its operations 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Village 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 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.

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 Village's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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 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 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 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 Village'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 Village'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.

The image shows a handwritten signature in black ink that reads "Webster Rogues LLP". The signature is written in a cursive, flowing style.

Bluffton, South Carolina
July 12, 2022

OSPREY VILLAGE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 161,378	\$ 193,356
Cash designated for specific purposes	21,675	30,000
Cash-restricted	-	2,223
Accounts receivable	753	3,264
Promises to give	-	30,000
Investments	7,768	-
Investments-restricted	142,018	126,065
Property and equipment, net	-	49,971
Land restricted for building project	372,000	372,000
TOTAL ASSETS	<u>\$ 705,592</u>	<u>\$ 806,879</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 10,027	\$ 146
Accrued interest	5,176	-
EIDL loan	150,000	150,000
Total liabilities	<u>165,203</u>	<u>150,146</u>
Net Assets		
Without donor restrictions		
Undesignated	4,696	99,136
Board designated for development of housing	21,675	30,000
Total net assets without donor restrictions	26,371	129,136
With donor restrictions		
Purpose restrictions	514,018	527,597
Total net assets	<u>540,389</u>	<u>656,733</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 705,592</u>	<u>\$ 806,879</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenue and support		
Contributions	\$ 190,786	\$ 77,630
Grants	48,255	70,913
Respite care	10,057	19,630
Employment services	7,300	8,435
Fundraising	21,771	14,899
Other	479	650
Net investment income	138	835
	<u>278,786</u>	192,992
Net assets released from restrictions		
Satisfaction of related donor restrictions	<u>34,235</u>	160,000
Total revenue and support without donor restrictions	<u>313,021</u>	<u>352,992</u>
Expenses		
Program service		
Thrift store	-	97,413
Services	42,521	173,094
Capital project	99,993	-
Supporting services		
Management and general	242,970	276,142
Fundraising	30,302	18,569
Total expenses	<u>415,786</u>	<u>565,218</u>
Decrease in net assets without donor restrictions	<u>(102,765)</u>	<u>(212,226)</u>
Changes in net assets with donor restrictions		
Donations	22,700	210,000
Net investment (gain) loss	(2,044)	(1,162)
Net assets released from restrictions	<u>(34,235)</u>	<u>(160,000)</u>
Increase (decrease) in net assets with donor restrictions	<u>(13,579)</u>	<u>48,838</u>
Change in total net assets	<u>(116,344)</u>	<u>(163,388)</u>
Net assets at beginning of year	<u>656,733</u>	820,121
Net assets at end of year	<u>\$ 540,389</u>	<u>\$ 656,733</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, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in total net assets	\$ (116,344)	\$ (163,388)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	-	4,348
Donation of assets of discontinued operations	49,971	48,395
(Increase) decrease in:		
Receivables	2,511	8,936
Promise to give	30,000	170,000
Increase (decrease) in:		
Accounts payable	15,057	(4,193)
Net cash flows (used in) provided by operating activities	<u>(18,805)</u>	<u>64,098</u>
Cash Flows From Investing Activities		
Sale of investments	36,390	-
Purchase of investments	(60,111)	(121,529)
Net cash flows used in investing activities	<u>(23,721)</u>	<u>(121,529)</u>
Cash Flows From Financing Activities		
Proceeds from EIDL loan	-	150,000
Net cash flows provided by financing activities	<u>-</u>	<u>150,000</u>
Net (decrease) increase in cash, restricted cash and cash equivalents	(42,526)	92,569
Cash, Restricted Cash and Cash Equivalents at Beginning of Year	<u>225,579</u>	<u>133,010</u>
Cash, Restricted Cash and Cash Equivalents at End of Year	<u>\$ 183,053</u>	<u>\$ 225,579</u>
Reported as:		
Cash	\$ 161,378	\$ 193,356
Cash-designated for specific purposes	21,675	30,000
Cash-restricted	-	2,223
	<u>\$ 183,053</u>	<u>\$ 225,579</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, 2021

	Program		Support		Total
	Services	Capital Project	Management & General	Fundraising	
Compensation and related expenses	\$ 37,701	\$ 56,375	\$ 170,190	\$ -	\$ 264,266
Office administration					
Credit card charges	-	-	-	762	762
Supplies	-	-	219	30	249
Printing and copying	-	-	1,419	-	1,419
Postage	-	-	188	385	573
Miscellaneous	-	-	4,251	464	4,715
Outside contract services					
Consulting	-	-	570	-	570
Dues and subscriptions	-	-	407	1,146	1,553
Advertising and marketing	-	-	5,606	14,936	20,542
Conferences and travel	2,617	-	942	-	3,559
Information technology	-	-	662	79	741
Insurance-liability and D&O	2,203	-	2,621	-	4,824
Capital building project professional fees	-	35,236	-	-	35,236
Property taxes	-	8,382	-	-	8,382
Website	-	-	748	-	748
Interest expense	-	-	5,176	-	5,176
Event expense	-	-	-	12,500	12,500
Donations of discontinued operations	-	-	49,971	-	49,971
	<u>\$ 42,521</u>	<u>\$ 99,993</u>	<u>\$ 242,970</u>	<u>\$ 30,302</u>	<u>\$ 415,786</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**

	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	-	-	1,429	-	1,429
Outside contract services					
Consulting	-	-	2,190	-	2,190
Dues and subscriptions	-	-	372	5,865	6,237
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.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

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.

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. Individualized Employment Service was discontinued in 2021 to focus on planning, developing, and building housing services on the donated property.

Respite Service

Respite service is designed to give primary caregivers a break from caregiving duties. 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. Respite Services was discontinued in 2021 to focus on planning, developing, and building housing services on the donated property.

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. At that time, the activities were absorbed by Osprey Village Thrift Stores LLC (OVTS) and the Village donated all their thrift activity assets, including leasehold improvements, to OVTS.

Osprey Village Capital Project

The Osprey Village capital project is a future inclusive neighborhood designed to provide affordable housing options for adults with development disabilities that will foster community inclusion and support achieving independence. This is a \$30 million project currently in the planning stages.

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.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 1. Nature of Operations (Continued)

Fundraising

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

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, restricted cash and cash equivalents

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 5, are reported at cost if purchased or at fair value if donated. Thereafter, investments are reported at their fair value 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 non-interest-bearing amounts due for individualized employment and respite services. The vast majority 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 the 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, 2021 and 2020, 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, 2021 AND 2020

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 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 or met performance requirements in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statements 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.

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, 2021 AND 2020

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. Revenue is recognized when the customer receives a service 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.

Contract balances

The timing of revenue recognition, billings, and cash collections result 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, 2021, and 2020, the contract receivables were \$90 and \$3,264, respectively, and \$12,200 as of January 1, 2020, and are included in accounts receivable on the statements of financial position.

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, 2021 and 2020, was \$20,542 and \$11,351, respectively.

OSPREY VILLAGE, INC.

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020

Note 2. Summary of Significant Accounting Policies (Continued)

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.

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.

Note 3. 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.

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 4. 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:

	2021	2020
Cash without restrictions	\$ 161,378	\$ 193,356
Accounts receivable	753	3,264
Promise to give	-	30,000
 Financial assets available to meet general expenditures over the next 12 months	\$ 162,131	\$ 226,620

As part of the Village's liquidity management plan, the Village invests cash in money market funds in excess of daily requirements. In 2020, 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 5. Board designated funds total \$21,675 and \$30,000 at December 31, 2021 and 2020, respectively. The Board does not intend for this amount to be appropriated for general expenditures, but it could be made available if necessary.

Note 5. Investments

In 2019, the Village 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 the Village. Within the financial statements the Leading the Way Funds held at the Foundation are comprised of agency and third-party funds.

Activity of the agency fund is as follows:

	2021	2020
Beginning	\$ 528	\$ 2,586
Contributions	60,000	6,900
Investment income (loss)	15	(18)
Investment fees	(550)	(66)
Expenses	(9,286)	(8,874)
 Ending balance of investments	\$ 50,707	\$ 528
 Spendable portion of investments	\$ 50,707	\$ 528

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 5. Investments (Continued)

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

	2021	2020
Beginning	\$ 125,537	\$ 1,950
Contributions	-	173,555
Investment income	289	165
Investment fees	(1,605)	(1,243)
Expenses	(25,142)	(48,890)
Ending balance of investments	<u>\$ 99,079</u>	<u>\$ 125,537</u>
Spendable portion of investments	<u>\$ 99,079</u>	<u>\$ 125,537</u>

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

	2021	2020
Without donor restrictions		
Interest	\$ 138	\$ 835
With donor restrictions		
Investment fees	(2,155)	(1,309)
Unrealized gain on investments	111	147
	<u>(2,044)</u>	<u>(1,162)</u>
Net investment income (loss)	<u>\$ (1,906)</u>	<u>\$ (327)</u>

Note 6. Property and Equipment

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

	Estimated depreciated useful lives	2021	2020
Leasehold improvements	15yrs SL	\$ -	\$ 65,186
Accumulated depreciation		-	(15,215)
Net property and equipment		<u>\$ -</u>	<u>\$ 49,971</u>

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.

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 7. Long-Term Debt

The Village obtained a \$150,000 COVID-19 Economic Injury Disaster Loan (EIDL) in July 2020. The interest rate is 2.75% and is repayable over 30 years. The U.S. Small Business Administration ("SBA") has deferred payments on this loan for 30 months. The 1st payment is due in March 2023 with interest accruing during the deferral period.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -
2023	2,298	4,112	6,410
2024	3,312	4,380	7,692
2025	3,418	4,274	7,692
2026	3,515	4,177	7,692
Thereafter	<u>137,457</u>	<u>64,107</u>	<u>201,564</u>
	<u>\$ 150,000</u>	<u>\$ 81,050</u>	<u>\$ 231,050</u>

Note 8. 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 ending 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, 2020. 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, 2020.

Effective January 1, 2020, the Village had a verbal agreement with Osprey Village Thrift Stores LLC (OVTS) where OVTS paid the lease. In 2020, the amounts paid were \$46,200 and \$120,000 for Okatie and Hilton Head Island, respectively. The lease was amended effective May 2021 to transfer the lease obligation to OVTS.

The Village pays OVTS for use of a small portion for the office space in Hilton Head Island. The expense for the office for the year ended 2020, was \$9,377. No amounts were paid in 2021, due to employees working from home.

Note 9. Net Assets with Donor Restrictions

During the years ended December 31, 2021 and 2020, the Village received contributions, net of investment gains/(losses), restricted for specific purposes in the amounts of \$20,656 and \$208,838, respectively.

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 9. Net Assets with Donor Restrictions (Continued)

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:

	2021	2020
Expiration of time restrictions	\$ -	\$ 100,000
Satisfaction of purpose restriction		
Development of housing	34,235	60,000
	34,235	60,000
	\$ 34,235	\$ 160,000

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

	2021	2020
Restricted by purpose		
Land for housing	\$ 372,000	\$ 372,000
Development of housing	139,795	153,374
Ongoing training	2,223	2,223
Total net assets restricted by purpose	\$ 514,018	\$ 527,597

Note 10. 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 Section 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 it had no unrelated business activity for 2021 or 2020 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for either year.

Note 11. Related-Party Transactions

OVTS was formed in 2020 to operate the thrift stores formerly reported in the Village's financial statements. OVTS's purpose is to provide training opportunities for clients of the Village and operational funds to the Village. As mentioned in Note 8, the Village leased two buildings that are used by the thrift stores. The Village had a verbal agreement with OVTS that OVTS would pay the rent to the lessor. These leases were assumed by OVTS during May 2021, and the associated leasehold improvements were donated to OVTS. This totaled \$49,971 and \$166,200 for 2021 and 2020, respectively. The Village maintains an office in the building on Hilton Head Island and paid rent of \$0 and \$9,377 to OVTS in 2021 and 2020, respectively for office rent. OVTS contributed \$85,000 to the Village in 2021 and \$0 in 2020.

OSPREY VILLAGE, INC.

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021 AND 2020**

Note 12. Going Concern

Due to losses over the past two years, Management has assessed its ability to continue operations as a going concern. To alleviate those concerns, Management has discontinued the Individualized Employment and Respite Services programs which were being provided at a loss. They plan to hold fundraising activities that were cancelled during the year due to COVID concerns and apply for additional grant funding. Additionally, Management plans to partner with developers for construction of housing. Due to the strong real estate market, and interest of developers in partnering with the Village, Management plans to begin construction in early 2023.

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. The Village started meeting with clients over Zoom due to COVID-19, but Medicaid requires such services to be in person if they are to bill. During 2021 and 2020, a number of their clients chose not to use services of the Village. Also, the Village had to cancel a major spring fundraiser in 2021 and 2020, due to COVID concerns.

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 levels, despite economic uncertainty caused by the pandemic. The Village had a PPP loan of \$63,913 in 2020. The loan was forgiven in December 2020. The Village received a PPP loan in the amount of \$43,255 in 2021. The loan was forgiven in June 2021. The PPP loans are reported as grant revenue in the accompanying statements of activities and changes in net assets. As mentioned in Note 7, the Village applied for and received an EIDL loan of \$150,000 in 2020.

Note 14. Subsequent Events

Subsequent events were evaluated through July 12, 2022, which is the date the financial statements were available to be issued. There are no subsequent events requiring disclosure as of this date.