

OSPREY VILLAGE, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2022

OSPREY VILLAGE, INC.
Hilton Head Island, South Carolina

December 31, 2022

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

We have reviewed the accompanying consolidated financial statements of **Osprey Village, Inc.**, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company 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 consolidated 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 consolidated 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.

We are required to be independent of Osprey Village, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

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

Correction of Error

As discussed in Note 14 to the consolidated financial statements, the net assets as of December 31, 2021, were restated to reflect a prior period adjustment that was recorded to include a subsidiary in the consolidated financial statements. Our conclusion is not modified with respect to that matter.



Bluffton, South Carolina
March 14, 2024

OSPREY VILLAGE, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS

Cash	\$ 191,231
Cash-restricted	23,364
Accounts receivable	150
Investments-restricted	39,075
Inventory	29,420
Operating lease right-of-use asset	152,865
Property and equipment, net	2,129
Land restricted for building project	372,000

TOTAL ASSETS	<u>\$ 810,234</u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 22,189
Accrued interest	9,301
Operating lease liability	152,865
EIDL loan	150,000

Total liabilities	<u>334,355</u>
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Net Assets

Without donor restrictions	
Undesignated	41,440

Total net assets without donor restrictions	41,440
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With donor restrictions

Purpose restrictions	434,439
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Total net assets	<u>475,879</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$ 810,234</u>
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The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

OSPREY VILLAGE, INC.

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022**

Changes in net assets without donor restrictions	
Revenue and support	
Contributions	\$ 77,946
Contributions - non financial	359,226
Grants	28,667
Thrift store sales	353,502
Fundraising	20,985
Other	3,864
Net investment income	83
	<u>844,273</u>
Net assets released from restrictions	
Satisfaction of related donor restrictions	<u>109,943</u>
Total revenue and support without donor restrictions	<u>954,216</u>
Expenses	
Program service	
Thrift store	670,721
Capital project	54,412
Supporting services	
Management and general	207,430
Fundraising	24,320
Total expenses	<u>956,883</u>
Decrease in net assets without donor restrictions	<u>(2,667)</u>
Changes in net assets with donor restrictions	
Donations	500
Net investment loss	(759)
Net assets released from restrictions	<u>(109,943)</u>
Decrease in net assets with donor restrictions	<u>(110,202)</u>
Change in total net assets	(112,869)
Net assets at beginning of year-restated (Note 14)	<u>588,748</u>
Net assets at end of year	<u>\$ 475,879</u>

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

OSPREY VILLAGE, INC.

**CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2022**

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Cash Flows From Operating Activities	
Change in total net assets	\$ (112,869)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:	
Depreciation	4,260
Amortization of operating lease right-of-use asset	130,408
Interest on operating lease liabilities	2,800
(Increase) decrease in:	
Receivables	603
Inventory	4,413
Other asset	450
Increase (decrease) in:	
Accounts payable	13,063
Operating lease liabilities	<u>(133,208)</u>
 Net cash flows used in operating activities	 <u>(90,080)</u>
 Cash Flows From Investing Activities	
Sale of investments	<u>110,711</u>
 Net cash flows provided by investing activities	 <u>110,711</u>
 Net increase in cash, restricted cash and cash equivalents	 20,631
Cash, Restricted Cash and Cash Equivalents at Beginning of Year	<u>193,964</u>
Cash, Restricted Cash and Cash Equivalents at End of Year	<u>\$ 214,595</u>
 Reported as:	
Cash	\$ 191,231
Cash-restricted	<u>23,364</u>
	<u>\$ 214,595</u>

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

OSPREY VILLAGE, INC.

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Programs		Support		Total
	Thrift Store	Capital Project	Management & General	Fundraising	
Compensation and related expenses	\$ 133,352	\$ -	\$ 184,361	\$ 11,165	\$ 328,878
Cost of goods sold	357,915	-	-	-	357,915
Program expense	1,779	-	-	-	1,779
Occupancy	145,116	-	-	-	145,116
Office administration					
Credit card charges	5,568	-	-	1,374	6,942
Supplies	2,315	-	64	77	2,456
Printing and copying	90	-	1,418	-	1,508
Postage	327	-	478	573	1,378
Miscellaneous	-	-	3,396	172	3,568
Outside contract services					
Consulting	-	-	420	-	420
Dues and subscriptions	-	-	691	1,663	2,354
Advertising and marketing	7,167	-	8,312	9,195	24,674
Conferences and travel	297	-	1,150	-	1,447
Information technology	331	-	446	101	878
Insurance-liability and D&O	7,631	-	2,040	-	9,671
Capital building project professional fees	-	36,522	-	-	36,522
Property taxes	-	17,890	-	-	17,890
Vehicle	2,248	-	-	-	2,248
Equipment	2,325	-	-	-	2,325
Website	-	-	329	-	329
Interest expense	-	-	4,325	-	4,325
Depreciation	4,260	-	-	-	4,260
	<u>\$ 670,721</u>	<u>\$ 54,412</u>	<u>\$ 207,430</u>	<u>\$ 24,320</u>	<u>\$ 956,883</u>

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

OSPREY VILLAGE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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.

As of January 1, 2020, two new limited liability companies were formed as wholly owned subsidiaries of the Village. Osprey Village Thrift Stores, LLC was formed to run the thrift stores and Osprey Village Properties, LLC was formed to develop the land owned by the Village.

The consolidated financial statements include the activity of Osprey Village Inc., Osprey Village Thrift Stores, LLC and Osprey Village Properties, LLC (collectively "the Village"). Osprey Village Properties, LLC was inactive for the year ended December 31, 2022.

The Village maintains its headquarters in Hilton Head, South Carolina and has thrift stores at locations within the region.

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

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.

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.

Fundraising

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

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2. Summary of Significant Accounting Policies

Basis of accounting

The consolidated 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. Significant inter-company transactions and balances have been eliminated in the consolidation.

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 6, are recorded 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 consolidated statement 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. These services were discontinued in 2021. The vast majority of these services were reimbursed by Medicaid and were billed to Beaufort County Department of Special Needs (the County) who was 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, 2022, 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 CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

Inventory

Inventory, which consists of donated goods for the thrift stores, is valued 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.

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.

Leases (as of January 1, 2022)

Effective January 1, 2022, the Village accounts for its lease agreements in accordance with Financial Accounting Standards Board (FASB) ASU 2016-02, *Leases* (Topic 842).

Lease liabilities represent the Village's obligation to make lease payments arising from the lease and are recognized as the present value of the future minimum lease payments over the lease term as of the commencement date.

Right-of-use (ROU) assets represent the Village's right to use an underlying asset for the lease term and are recognized as the present value of future minimum lease payments over the lease term as of the commencement date, plus any initial direct costs incurred and lease payments made, less any lease incentives received.

The Village's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Village determines if an arrangement contains a lease at inception. In evaluating contracts to determine if they qualify as a lease, the Village considers factors such as if the Village has obtained substantially all of the rights to the underlying asset through exclusivity, if the Village can direct the use of the asset by making decisions about how and for what purpose the asset will be used, and if the lessor has substantive substitution rights. The evaluation may require significant judgement.

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (as of January 1, 2022) (continued)

If an arrangement is considered a lease, the Village determines at the commencement date whether the lease is an operating or finance lease. Finance leases are leases that meet any of the following criteria: the lease transfers ownership of the underlying asset at the end of the lease term; the lessee is reasonably certain to exercise an option to purchase the underlying asset; the lease term is for the major part of the remaining economic life of the underlying asset (except when the commencement date falls at or near the end of such economic life); the present value of the sum of the lease payments and any additional residual value guarantee by the lessee equals or exceeds substantially all of the fair value of the underlying asset; or the underlying asset is of such a specialized nature that it is expected to have no alternative use to the lessor at the end of the lease term. A lease that does not meet any of these criteria is considered an operating lease. After the commencement date, lease cost for an operating lease is recognized over the remaining lease term on a straight-line basis, while lease cost for a finance lease is based on the amortization of the lease asset and interest on the lease liability. All of the Village's leases were considered to be operating leases as of and for the year ended December 31, 2022.

The terms of the Village's lease arrangements vary, and certain leases include one or more of the following: renewal option(s), a cancellation option, a residual value guarantee, a purchase option, or an escalation clause. An option to extend or terminate a lease is accounted for when assessing a lease term when it is reasonably certain that the Village will exercise such option. The Village has made a policy election to classify leases with an initial lease term of 12 months or less as short-term leases, and these leases are not recorded in the accompanying balance sheets unless the lease contains a purchase option that is reasonably certain to be exercised. Lease cost related to short-term leases is recognized on a straight-line basis over the lease term.

Determinations with respect to lease term (including any extension thereof), discount rate, variable lease cost, and future minimum lease payments require the use of judgment based on the facts and circumstances related to each lease. The Village considers various factors, including economic incentives and penalties and business need, to determine the likelihood that a renewal option will be exercised. Unless a renewal option is reasonably certain to be exercised, which is typically at the Village's sole discretion, the initial non-cancelable lease term is used.

In determining the discount rate used to measure the right-of-use asset and lease liability, the Village uses the rates implicit in the lease, or if not readily available, the Village has elected to use a risk-free rate. The risk-free rate is considered to equal the rate of a zero-coupon U.S. Treasury instrument for the same period as the term of the lease and is used for all major classes of underlying assets.

Leases (prior to adoption of ASU 2016-02, Leases [Topic 842])

Prior to the adoption of Topic 842, the Village accounted for its lease agreements in accordance with Topic 840 under which each lease was classified as either operating or capital depending on the specifics in the underlying lease agreement.

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. In-Kind contributions are recorded at their estimated fair value.

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition

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

The Village recognizes revenues from contracts with customers when the related performance obligation is satisfied, and transaction amounts are expected to be received. The Village's revenue from contracts with customers is generated from sales at its thrift stores. Revenue is recognized at a point in time when the customer purchases merchandise.

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 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 consolidated statement of financial position.

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 consolidated 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. 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 year ended December 31, 2022, was \$24,674.

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

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.

The Village's investments are all Level 3 investments (Note 6).

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 adopted accounting standards

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance ASU 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and liabilities on the balance sheet. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Recently adopted accounting standards (continued)

The Village adopted the standard using the optional, alternative transition method effective January 1, 2022, and recognized and measured leases existing at January 1, 2022, (the beginning of the period of adoption), through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Village elected the available practical expedients to account for the existing operating leases as operating leases under the new guidance, without reassessing (a) whether the contracts contain leases under Topic 842, (b) whether classification of operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Village recognized on January 1, 2022, (beginning of the year of adoption) a lease liability of \$119,027, which represents the present value of the remaining operating lease payments of \$119,719 discounted using risk free rates between .06% and .79%, and a right-of-use asset of \$119,027.

The standard had a material impact on the Village's consolidated statement of financial position but did not have a significant impact on the consolidated statements of activities and changes in net assets and cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

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.

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:

Cash without restrictions	\$ 191,231
Accounts receivable	<u>150</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 191,381</u>

Note 5. Contributed Non-Financial Assets

For the year ended December 31, 2022, contributed non-financial assets recognized within the consolidated statement of activities and changes in net assets included the following:

Donated inventory	<u>\$ 353,502</u>
Contributed non-financial assets included in program services	353,502
Donated auction items	<u>5,724</u>
Total contributed non-financial assets	<u>\$ 359,226</u>

OSPREY VILLAGE, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022

Note 5. Contributed Non-Financial Assets (Continued)

The Village's policy related to gifts-in-kind is to utilize the assets given to carry out the mission of the Village. If an asset is provided that does not allow the Village to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist depending on the type of asset.

Donated inventory was valued at the sale price received and is included in contributions – nonfinancial on the consolidated statement of activities and changes in net assets.

Donated auction items were valued at the sale price received during the auction on the day of the event and are included in contributions - nonfinancial on the consolidated statement of activities and changes in net assets.

All gifts-in-kind received by the Village for the year ended December 31, 2022, were considered without donor restrictions and able to be used by the Village as determined by the Board of Directors and management.

Note 6. 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:

Beginning	\$ 50,707
Contributions	-
Investment income (loss)	121
Investment fees	(323)
Expenses	(50,490)
Ending balance of investments	<u>\$ 15</u>
Spendable portion of investments	<u>\$ 15</u>

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

Beginning	\$ 99,079
Contributions	2,000
Investment income	763
Investment fees	(1,268)
Expenses	(61,514)
Ending balance of investments	<u>\$ 39,060</u>
Spendable portion of investments	<u>\$ 39,060</u>

OSPREY VILLAGE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 6. Investments (Continued)

The following schedule details the investment return, net of expenses, as reflected in the consolidated statement of activities for the year ended December 31, 2022:

Without donor restrictions		
Interest	\$	83
With donor restrictions		
Investment fees		(1,642)
Investment income		883
		(759)
Net investment income (loss)	\$	(676)

Note 7. Property and Equipment

Property and equipment consist of the following as of December 31, 2022:

	Estimated depreciated useful lives	
Vehicles	15yrs SL	\$ 14,909
Accumulated depreciation		(12,780)
Net property and equipment		\$ 2,129

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 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:

2023		\$ 2,298
2024		3,312
2025		3,418
2026		3,515
2027		3,515
Thereafter		133,942
		\$ 150,000

Accrued interest as of December 31, 2022 is \$9,301.

OSPREY VILLAGE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 9. Leases

The Village has leases for thrift store space and office equipment. As of December 31, 2022, the Village's leases had remaining lease terms of up to 1.25 years.

The components of leases in the accompanying balance sheet are as follows:

<u>Leases</u>	<u>Classification</u>	<u>Amount</u>
Assets:		
Operating lease right-of-use asset	Operating lease right-of-use asset	\$ 152,865
Liabilities:		
Operating lease liability	Operating lease liability	\$ 152,865

The components of lease costs in the accompanying statement of revenues and expenses are as follows:

<u>Lease cost</u>	<u>Classification</u>	<u>Amount</u>
Operating lease cost	Program expenses	\$ 133,318

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:

Operating cash flows from operating leases	\$ 133,208
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Right-of-use assets obtained in exchange for lease liabilities:

Operating leases	\$ 164,137
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The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

Weighted average remaining lease term	
Operating leases	1.17 years
Weighted average discount rate	
Operating leases	1.89%

Future minimum lease payments for non-cancellable operating leases are as follows for the years ending December 31:

2023	\$ 133,208
2024	21,302
Total future minimum lease payments	154,510
Less: interest	1,645
Present value of lease liabilities	\$ 152,865

OSPREY VILLAGE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 10. Net Assets with Donor Restrictions

During the year ended December 31, 2022, the Village received contributions, net of investment gains/(losses), restricted for specific purposes in the amount of \$1,383.

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 year ended December 31, 2022:

Expiration of time restrictions	<u>\$ -</u>
Satisfaction of purpose restriction	
Development of housing	<u>109,943</u>
	<u>109,943</u>
	<u>\$ 109,943</u>

The total donor restricted net asset balances are available for the following purposes at December 31, 2022:

Restricted by purpose	
Land for housing	\$ 372,000
Development of housing	<u>62,439</u>
	<u>\$ 434,439</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 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 2022 and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for either year.

Note 12. Related-Party Transactions

Osprey Village Thrift Stores, LLC was formed in 2020 to operate the thrift stores formerly reported in the Village's financial statements. Osprey Village Thrift Stores, LLC's purpose is to provide training opportunities for clients of the Village and operational funds to the Village. Osprey Village Thrift Stores, LLC contributed \$20,719 to the Village in 2022. This amount has been eliminated in the accompanying consolidated financial statements.

Note 13. Going Concern

Due to losses over the past three 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. In addition, the Thrift Stores remain profitable.

OSPREY VILLAGE, INC.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022**

Note 14. Correction of Error

A prior period adjustment was recorded to reflect the consolidation of Osprey Village Thrift Stores, LLC., as of December 31, 2021. As a result of this adjustment net income for the year ended December 31, 2021 decreased by \$53,604. The cumulative effect increased beginning net assets without donor restrictions by \$48,359.

	December 31, 2021		December 31, 2021
	As Previously Reported	Adjustments	As Restated
	<u> </u>	<u> </u>	<u> </u>
Net Assets			
Without donor restrictions			
Undesignated	\$ 4,696	\$ 48,359	\$ 53,055
Board designated for development of housing	<u>21,675</u>	<u>-</u>	<u>21,675</u>
Total net assets without donor restrictions	26,371	48,359	74,730
With donor restrictions			
Purpose restrictions	<u>514,018</u>	<u>-</u>	<u>514,018</u>
Total net assets	<u>\$ 540,389</u>	<u>\$ 48,359</u>	<u>\$ 588,748</u>
Total Liabilities and Net Assets	<u>\$ 705,592</u>	<u>\$ 48,359</u>	<u>\$ 753,951</u>

Note 15. Subsequent Events

In October 2023, the Village received \$1,000,000 from the State of South Carolina. This grant is restricted for the capital project.

In August 2023, Osprey Village Thrift Stores, LLC, received an Employee Retention Credit (ERC) of \$16,121.

In April 2023, Osprey Village Properties, LLC was renamed to Osprey Village Services, LLC.

In May 2023, a new for-profit company called Osprey Village Properties, LLC was formed-subsequently in June 2023 the name was changed to Osprey Village Property Development, LLC. The land held by Osprey Village Inc. as of December 31, 2022, was transferred to this for-profit company in June 2023. This company is a wholly owned subsidiary of Osprey Village, Inc.

Subsequent events were evaluated through March 14, 2024, which is the date the financial statements were available to be issued. There are no additional subsequent events requiring disclosure as of this date.