

OSPREY VILLAGE, INC. AND SUBSIDIARIES

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2023 AND 2022

OSPREY VILLAGE, INC. AND SUBSIDIARIES
Hilton Head Island, South Carolina

December 31, 2023 and 2022

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of ***Osprey Village, Inc. and Subsidiaries*** which comprise the consolidated statement of financial position as of December 31, 2023, 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 financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Osprey Village, Inc. and Subsidiaries as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Osprey Village, Inc. and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The 2022 financial statements were reviewed by us and our report thereon, dated March 14, 2024, stated we were not aware of any material modifications that should be made to those financial statements for them to be in accordance 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 as a whole.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Osprey Village, Inc. and Subsidiaries 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 Osprey Village, Inc. and Subsidiaries 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 Osprey Village, Inc. and Subsidiaries 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities and changes in net assets as of and for the year ended December 31, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subject to the auditing procedures applied on the audit of the financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.



Bluffton, South Carolina
August 19, 2024

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

	<u>2023</u> <u>Audited</u>	<u>2022</u> <u>Reviewed</u>
ASSETS		
Cash	\$ 200,215	\$ 191,231
Cash-restricted	1,003,178	23,364
Accounts receivable	-	150
Investments-restricted	12,562	39,075
Inventory	31,033	29,420
Prepaid expenses and other assets	18,473	-
Operating lease right-of-use asset, net	120,918	152,865
Property and equipment, net	197,268	2,129
Land restricted for building project	372,000	372,000
TOTAL ASSETS	<u>\$ 1,955,647</u>	<u>\$ 810,234</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and other liabilities	\$ 159,823	\$ 22,189
Accrued interest	15,419	9,301
Operating lease liability	121,358	152,865
EIDL loan	150,000	150,000
Total liabilities	<u>446,600</u>	<u>334,355</u>
Net Assets		
Without donor restrictions		
Undesignated	<u>119,084</u>	<u>41,440</u>
Total net assets without donor restrictions	119,084	41,440
With donor restrictions		
Purpose restrictions	<u>1,389,963</u>	<u>434,439</u>
Total net assets	<u>1,509,047</u>	<u>475,879</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,955,647</u>	<u>\$ 810,234</u>

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

OSPREY VILLAGE, INC. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2023 AND 2022**

	<u>2023</u> <u>Audited</u>	<u>2022</u> <u>Reviewed</u>
Changes in net assets without donor restrictions		
Revenue and support		
Contributions	\$ 73,597	\$ 77,946
Contributions-non financial	378,275	359,226
Grants	20,000	28,667
Thrift store sales	372,407	353,502
Fundraising	33,140	20,985
Other	57,957	3,864
Employee Retention Credit (ERC)	16,122	-
Net investment income	1,815	83
	<u>953,313</u>	<u>844,273</u>
Net assets released from restrictions		
Satisfaction of related donor restrictions	87,179	109,943
	<u>87,179</u>	<u>109,943</u>
Total revenue and support without donor restrictions	<u>1,040,492</u>	<u>954,216</u>
Expenses		
Program service		
Thrift store	734,708	670,721
Capital project	27,086	54,412
Supporting services		
Management and general	204,524	207,430
Fundraising	10,485	24,320
	<u>976,803</u>	<u>956,883</u>
Total expenses	<u>976,803</u>	<u>956,883</u>
Increase (decrease) in net assets without donor restrictions	<u>63,689</u>	<u>(2,667)</u>
Changes in net assets with donor restrictions		
Donations	52,995	500
Net investment gain (loss)	3,663	(759)
Restricted Grant	1,000,000	-
Net assets released from restrictions	(87,179)	(109,943)
	<u>969,479</u>	<u>(110,202)</u>
Increase (decrease) in net assets with donor restrictions	<u>969,479</u>	<u>(110,202)</u>
Change in total net assets	<u>1,033,168</u>	<u>(112,869)</u>
Net assets at beginning of year	<u>475,879</u>	<u>588,748</u>
Net assets at end of year	<u>\$ 1,509,047</u>	<u>\$ 475,879</u>

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

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023 Audited	2022 Reviewed
Cash Flows From Operating Activities		
Change in total net assets	\$ 1,033,168	\$ (112,869)
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:		
Depreciation	38,350	4,260
Donated fixed assets	(49,971)	-
Amortization of operating lease right-of-use asset	131,985	130,408
Interest on operating lease liabilities	1,663	2,800
(Increase) decrease in:		
Receivables	150	603
Inventory	(1,613)	4,413
Prepaid expenses and other assets	(18,473)	450
Increase (decrease) in:		
Accounts payable	8,496	13,063
Operating lease liabilities	(133,208)	(133,208)
Net cash flows provided by (used in) operating activities	1,010,547	(90,080)
Cash Flows From Investing Activities		
Sale of investments	63,358	110,711
Purchase of investments	(36,845)	-
Purchase of property and equipment	(5,961)	-
Expenditures for development costs	(42,301)	-
Net cash flows provided by (used in) investing activities	(21,749)	110,711
Net increase in cash and restricted cash	988,798	20,631
Cash and Restricted Cash at Beginning of Year	214,595	193,964
Cash and Restricted Cash at End of Year	\$ 1,203,393	\$ 214,595
Reported as:		
Cash	\$ 200,215	\$ 191,231
Cash-restricted	1,003,178	23,364
	\$ 1,203,393	\$ 214,595

(Continued)

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
	Audited	Reviewed
Schedule of non-Cash Investing and Financing Activities		
Development costs	\$ (177,557)	\$ -
Accounts payable incurred	135,256	-
Expenditures for development costs	\$ (42,301)	\$ -
Supplemental Disclosures of Cash Flow Information		
Interest paid	\$ 6,410	\$ -

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

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2023

	Audited				Total
	Programs		Support		
	Thrift Store	Capital Project	Management & General	Fundraising	
Compensation and related expenses	\$ 159,075	\$ -	\$ 155,930	\$ -	\$ 315,005
Cost of goods sold	370,794	-	-	-	370,794
Occupancy	137,100	-	-	-	137,100
Office administration					
Credit card charges	6,367	-	1,391	623	8,381
Supplies	4,237	-	928	-	5,165
Printing and copying	207	-	1,343	-	1,550
Postage	-	-	205	-	205
Miscellaneous	-	-	27,204	-	27,204
Outside contract services					
Consulting	-	-	410	2,544	2,954
Dues and subscriptions	-	-	357	-	357
Advertising and marketing	5,650	-	5,364	7,217	18,231
Conferences and travel	-	-	4,370	-	4,370
Information technology	2,327	-	181	101	2,609
Insurance-liability and D&O	8,734	-	2,054	-	10,788
Capital building project professional fees	-	9,800	-	-	9,800
Property taxes	-	17,286	-	-	17,286
Vehicle	1,367	-	-	-	1,367
Equipment	500	-	-	-	500
Website	-	-	651	-	651
Interest expense	-	-	4,136	-	4,136
Depreciation	38,350	-	-	-	38,350
	<u>\$ 734,708</u>	<u>\$ 27,086</u>	<u>\$ 204,524</u>	<u>\$ 10,485</u>	<u>\$ 976,803</u>

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

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

	Programs		Reviewed 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. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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, South Carolina, 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. In April 2023, Osprey Village Properties, LLC was renamed to Osprey Village Services, LLC. Osprey Village Services, LLC will provide supporting services to the residents of the neighborhood. 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. This company is a wholly owned subsidiary of Osprey Village, Inc.

The consolidated financial statements include the activity of Osprey Village Inc., Osprey Village Thrift Stores, LLC, Osprey Village Services, LLC and Osprey Village Property Development, LLC (collectively "the Village").

The Village maintains its headquarters in Hilton Head Island, South Carolina and has thrift stores at two 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. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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.

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.

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

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.

Leases

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

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.

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.

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.

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 years ended December 31, 2023 and 2022.

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Leases (continued)

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.

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.

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.

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition (continued)

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 years ended December 31, 2023 and 2022, was \$18,231 and \$24,674, 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.

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 2. Summary of Significant Accounting Policies (Continued)

Fair value measurements (continued)

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.

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	<u>\$ 200,215</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 200,215</u>

Note 5. Contributed Non-Financial Assets

For the years ended December 31, 2023 and 2022, contributed non-financial assets recognized within the consolidated statement of activities and changes in net assets included the following:

	<u>2023</u>	<u>2022</u>
Donated inventory	<u>\$ 372,407</u>	<u>\$ 353,502</u>
Contributed non-financial assets included in program services	<u>372,407</u>	<u>353,502</u>
Donated auction items	<u>5,868</u>	<u>5,724</u>
Total contributed non-financial assets	<u>\$ 378,275</u>	<u>\$ 359,226</u>

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 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 statements 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 statements of activities and changes in net assets.

All gifts-in-kind received by the Village for the years ended December 31, 2023 and 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 as of December 31:

	<u>2023</u>	<u>2022</u>
Beginning	\$ 15	\$ 50,707
Contributions	31,352	-
Investment income	228	121
Investment fees	(273)	(323)
Expenses	<u>(18,910)</u>	<u>(50,490)</u>
Ending balance of investments	<u>\$ 12,412</u>	<u>\$ 15</u>
Spendable portion of investments	<u>\$ 12,412</u>	<u>\$ 15</u>

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

	<u>2023</u>	<u>2022</u>
Beginning	\$ 39,060	\$ 99,079
Contributions	6,000	2,000
Investment income	229	763
Investment fees	(234)	(1,268)
Expenses	<u>(44,905)</u>	<u>(61,514)</u>
Ending balance of investments	<u>\$ 150</u>	<u>\$ 39,060</u>
Spendable portion of investments	<u>\$ 150</u>	<u>\$ 39,060</u>

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 6. Investments (Continued)

The following schedule details the investment return, net of expenses, as reflected in the consolidated statement of activities and changes in net assets for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Without donor restrictions		
Interest	\$ 1,815	\$ 83
Net investment income (loss)	<u>1,815</u>	<u>83</u>
With donor restrictions		
Investment fees	(507)	(1,642)
Investment income	457	883
Interest	3,713	-
Net investment income (loss)	<u>\$ 3,663</u>	<u>\$ (759)</u>

Note 7. Property and Equipment

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

	Estimated depreciated useful lives	<u>2023</u>	<u>2022</u>
Vehicles	15yrs SL	\$ 14,909	\$ 14,909
Leasehold improvements	5yrs SL	49,971	-
Signs	3yrs SL	5,961	-
Accumulated depreciation		<u>(51,130)</u>	<u>(12,780)</u>
		19,711	2,129
Development in progress		<u>177,557</u>	<u>-</u>
Net property and equipment		<u>\$ 197,268</u>	<u>\$ 2,129</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.

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 was due in March 2023 with interest accruing during the deferral period. The payments are applied to accrued interest until the accrued interest has been paid.

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 8. Long-Term Debt (Continued)

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

2024	\$	-
2025		301
2026		3,605
2027		3,705
2028		3,798
Thereafter		138,591
		138,591
	\$	150,000

Accrued interest as of December 31, 2023 and 2022, is \$7,027 and \$9,301, respectively.

Note 9. Leases

The Village has leases for thrift store space and office equipment. As of December 31, 2023, the Village's leases had remaining lease terms of up to 1.18 years.

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

Lease cost	Classification	2023	2022
Operating lease cost	Program expenses	\$ 133,539	\$ 133,318

Supplemental cash flow information:

Cash paid for amounts included in the measurement of lease liabilities:		2023	2022
Operating cash flows from operating leases		\$ 133,208	\$ 133,208
Right-of-use assets obtained in exchange for lease liabilities:			
Operating leases		\$ 100,038	\$ -

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2023:

Weighted average remaining lease term		
Operating leases		1.18 years
Weighted average discount rate		
Operating leases		1.02%

OSPREY VILLAGE, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

Note 9. Leases (Continued)

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

2024	\$ 71,702
2025	<u>50,400</u>
Total future minimum lease payments	122,102
Less: interest	<u>744</u>
Present value of lease liabilities	<u><u>\$ 121,358</u></u>

Note 10. Net Assets with Donor Restrictions

During the years ended December 31, 2023 and 2022, the Village received contributions and grants, net of investment gains (losses), restricted for specific purposes in the amounts of \$1,052,995 and \$1,383, 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 year ended December 31:

	<u>2023</u>	<u>2022</u>
Expiration of time restrictions	<u>\$ -</u>	<u>\$ -</u>
Satisfaction of purpose restriction		
Development of housing	<u>87,179</u>	<u>109,943</u>
	<u>87,179</u>	<u>109,943</u>
	<u><u>\$ 87,179</u></u>	<u><u>\$ 109,943</u></u>

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

	<u>2023</u>	<u>2022</u>
Restricted by purpose		
Land for housing	<u>\$ 372,000</u>	<u>\$ 372,000</u>
Development of housing	<u>1,015,740</u>	<u>60,216</u>
Ongoing training	<u>2,223</u>	<u>2,223</u>
Total net assets restricted by purpose	<u><u>\$ 1,389,963</u></u>	<u><u>\$ 434,439</u></u>

OSPREY VILLAGE, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS DECEMBER 31, 2023 AND 2022

Note 11. Income Tax Status

Osprey Village, Inc. (OVI), Osprey Village Thrift Stores, LLC (OVTS) and Osprey Village Services, LLC (OVS) are organized as South Carolina non-profit corporations and have been recognized by the IRS as exempt from federal income taxes under IRC Section 501(c)(3) of the Internal Revenue Code and qualify for charitable contribution deduction under IRC Section 170(b)(1)(A) and have been determined not to be a private foundation under Sec 509(a)(2). The entities are annually required to file a Return of Organizations Exempt From Income Tax (Form 990) with the Internal Revenue Service (IRS). In addition, they are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. OVI and OVTS determined that they had no unrelated business activity for 2022 and did not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. For the year ended December 31, 2023, OVI, OVTS, and OVS do not expect to have any significant unrelated business activity.

In May 2023, a new for-profit company called Osprey Village Properties, LLC (OVPD) was formed; subsequently in June 2023, the name was changed to Osprey Village Property Development, LLC. This company is a wholly owned subsidiary of Osprey Village, Inc. OVPD is required to file Form 1120, U.S. Corporation Income Tax Return. OVPD does not expect to have a significant tax liability for the year ended December 31, 2023.

Note 12. Related-Party Transactions

Osprey Village Thrift Stores, LLC was formed in 2020 to operate the thrift stores. Osprey Village Thrift Stores, LLC's purpose is to provide training opportunities for clients of the Village and operational funds to the Village. For the years ended December 31, 2023 and 2022, Osprey Village Thrift Stores, LLC contributed \$35,467 and \$20,719, respectively to the Village. These amounts have been eliminated in the accompanying consolidated financial statements.

Note 13. Subsequent Events

In 2024, Osprey Village Property Development, LLC (OVPD) issued a private offering circular with the intent of raising a minimum of \$1,000,000, but no more than \$3,000,000, for OVPD. This offering is for a period commencing March 1, 2024, and terminating on December 31, 2024, or when all the investor units offered have been purchased prior to December 31, 2024. As of the date the financial statements are available to be issued this offering has raised \$1,500,000.

In June 2024, the State of South Carolina approved a grant of \$500,000 to be paid to Osprey Village, Inc.

Subsequent events were evaluated through August 19, 2024, which is the date the financial statements were available to be issued. There are no additional material subsequent events requiring disclosure as of this date.

SUPPLEMENTARY INFORMATION

OSPREY VILLAGE, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Osprey Village, Inc.	Osprey Village Property Development, LLC	Osprey Village Services, LLC	Osprey Village Thrift Stores, LLC	Eliminations	Total
ASSETS						
Cash	\$ 134,678	\$ 514	\$ 3	\$ 65,020	\$ -	\$ 200,215
Cash-restricted	-	1,003,178	-	-	-	1,003,178
Accounts receivable	13,694	-	-	-	(13,694)	-
Investments-restricted	12,562	-	-	-	-	12,562
Due (to) from related parties	46,932	(42,301)	(4,631)	-	-	-
Due from Osprey Village Property Development, LLC	2,628,000	-	-	-	(2,628,000)	-
Inventory	-	-	-	31,033	-	31,033
Prepaid expenses and other assets	-	-	-	18,473	-	18,473
Operating lease right-of-use asset, net	252	-	-	120,666	-	120,918
Property and equipment, net	-	177,557	-	19,711	-	197,268
Land restricted for building project	-	3,000,000	-	-	(2,628,000)	372,000
TOTAL ASSETS	<u>\$ 2,836,118</u>	<u>\$ 4,138,948</u>	<u>\$ (4,628)</u>	<u>\$ 254,903</u>	<u>\$ (5,269,694)</u>	<u>\$ 1,955,647</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable and other liabilities	\$ 3,518	\$ 152,542	\$ -	\$ 17,457	(13,694)	\$ 159,823
Accrued interest	7,027	-	-	8,392	-	15,419
Operating lease liability	302	-	-	121,056	-	121,358
Deferred revenue	2,628,000	-	-	-	(2,628,000)	-
Due to Osprey Village, Inc.	-	2,628,000	-	-	(2,628,000)	-
EIDL loan	150,000	-	-	-	-	150,000
Total liabilities	<u>2,788,847</u>	<u>2,780,542</u>	<u>-</u>	<u>146,905</u>	<u>(5,269,694)</u>	<u>446,600</u>
Net Assets						
Without donor restrictions						
Undesignated	32,486	(13,594)	(4,628)	107,998	(3,178)	119,084
Total net assets without donor restrictions	32,486	(13,594)	(4,628)	107,998	(3,178)	119,084
With donor restrictions						
Purpose restrictions	14,785	1,372,000	-	-	3,178	1,389,963
Total net assets	<u>47,271</u>	<u>1,358,406</u>	<u>(4,628)</u>	<u>107,998</u>	<u>-</u>	<u>1,509,047</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,836,118</u>	<u>\$ 4,138,948</u>	<u>\$ (4,628)</u>	<u>\$ 254,903</u>	<u>\$ (5,269,694)</u>	<u>\$ 1,955,647</u>

OSPREY VILLAGE, INC. AND SUBSIDIARIES

**CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2023**

	Osprey Village, Inc.	Osprey Village Property Development, LLC	Osprey Village Services, LLC	Osprey Village Thrift Stores, LLC	Eliminations	Total
Changes in net assets without donor restrictions						
Revenue and support						
Contributions	\$ 73,592	\$ -	\$ 5	\$ -	\$ -	\$ 73,597
Contributions - non financial	5,868	-	-	372,407	-	378,275
Grants	20,000	-	-	-	-	20,000
Thrift store sales	-	-	-	372,407	-	372,407
Fundraising	33,140	-	-	-	-	33,140
Other	43,467	-	-	49,957	(35,467)	57,957
ERC	-	-	-	16,122	-	16,122
Net investment income	399	-	-	1,416	-	1,815
	<u>176,466</u>	<u>-</u>	<u>5</u>	<u>812,309</u>	<u>(35,467)</u>	<u>953,313</u>
Net assets released from restrictions						
Satisfaction of related donor restrictions	23,364	63,815	-	-	-	87,179
	<u>199,830</u>	<u>63,815</u>	<u>5</u>	<u>812,309</u>	<u>(35,467)</u>	<u>1,040,492</u>
Total revenue and support without donor restrictions						
Expenses						
Program service						
Thrift store	-	-	-	791,145	(35,467)	755,678
Capital project	9,800	17,286	-	-	-	27,086
Supporting services						
Management and general	178,900	21	4,633	-	-	183,554
Fundraising	10,219	-	-	266	-	10,485
	<u>198,919</u>	<u>17,307</u>	<u>4,633</u>	<u>791,411</u>	<u>(35,467)</u>	<u>976,803</u>
Total expenses						
Increase (decrease) in net assets	<u>911</u>	<u>46,508</u>	<u>(4,628)</u>	<u>20,898</u>	<u>-</u>	<u>63,689</u>

Continued

OSPREY VILLAGE, INC. AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2023

	Osprey Village, Inc.	Osprey Village Property Development, LLC	Osprey Village Services, LLC	Osprey Village Thrift Stores, LLC	Eliminations	Total
Changes in net assets with donor restrictions						
Donations	52,995	-	-	-	-	52,995
Net investment gain (loss)	(50)	3,713	-	-	-	3,663
Restricted Grant	1,000,000	-	-	-	-	1,000,000
Net assets released from restrictions	<u>(23,364)</u>	<u>(63,815)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(87,179)</u>
Increase (decrease) in net assets with donor restrictions	<u>1,029,581</u>	<u>(60,102)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>969,479</u>
Change in total net assets	1,030,492	(13,594)	(4,628)	20,898	-	1,033,168
Net assets at beginning of year	388,779	-	-	87,100	-	475,879
Transfers	<u>(1,372,000)</u>	<u>1,372,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets at end of year	<u>\$ 47,271</u>	<u>\$ 1,358,406</u>	<u>\$ (4,628)</u>	<u>\$ 107,998</u>	<u>\$ -</u>	<u>\$ 1,509,047</u>