

OPERATION PATRIOTS FOB, INC.

OKATIE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2024

OPERATION PATRIOTS FOB, INC.

OKATIE, SOUTH CAROLINA

INDEPENDENT AUDITOR'S REPORT
AND
FINANCIAL STATEMENTS

DECEMBER 31, 2024

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Independent Auditor's Report

July 28, 2025

To the Board of Directors
Operation Patriots FOB, Inc.
Okatie, South Carolina

Opinion

We have audited the financial statements of Operation Patriots FOB, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the six months then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Operation Patriots FOB, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the six months 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 (GAAS). 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 Operation Patriots FOB, Inc. 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.

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 Operation Patriots FOB, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are 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 GAAS 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 GAAS, 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 Operation Patriots FOB, Inc.'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 Operation Patriots FOB, Inc.'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.

Robinson Grant & Co., P.A.

Robinson Grant & Co., P.A.
Beaufort, South Carolina

OPERATION PATRIOTS FOB, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2024

Assets	
Cash	\$ 825,498
Cash & cash equivalents with donor restrictions	1,018,383
Pledges receivable	62,500
Inventory	27,581
Prepaid insurance	11,064
Property and equipment, net	<u>3,320,805</u>
Total assets	<u><u>\$ 5,265,831</u></u>
 Liabilities	
Accounts payable	\$ 4,887
Accrued payroll	8,314
Note payable to related party	669,961
Notes payable	<u>1,651,685</u>
Total liabilities	<u>2,334,847</u>
 Net Assets	
Net assets without donor restrictions	1,571,873
Net assets with donor restrictions	<u>1,359,111</u>
Total net assets	<u><u>2,930,984</u></u>
 Total Liabilities and Net Assets	 <u><u>\$ 5,265,831</u></u>

The accompanying notes are an integral part of these financial statements.

OPERATION PATRIOTS FOB, INC.
STATEMENT OF ACTIVITIES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenue			
Program revenue	\$ 188,900	\$ -	\$ 188,900
Contributions and grants	1,022,983	779,166	1,802,149
In-kind donations	2,300	-	2,300
Fundraising revenue	211,191	-	211,191
Investment income	-	20,410	20,410
Net assets released from restrictions	<u>340,728</u>	<u>(340,728)</u>	<u>-</u>
Total public support and revenue	1,425,374	799,576	2,224,950
Expenses			
Program	472,429	-	472,429
Management and general	28,777	-	28,777
Fundraising	<u>70,933</u>	<u>-</u>	<u>70,933</u>
Total expenses	<u>572,139</u>	<u>-</u>	<u>572,139</u>
Increase in net assets	853,235	799,576	1,652,811
Net assets, beginning of period	<u>718,638</u>	<u>559,535</u>	<u>1,278,173</u>
Net assets, end of period	<u>\$ 1,571,873</u>	<u>\$ 1,359,111</u>	<u>\$ 2,930,984</u>

The accompanying notes are an integral part of these financial statements.

OPERATION PATRIOTS FOB, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024

	Program Activities	Supporting Activities			Total Expenses
	Program	Management and General	Fundraising	Total Supporting Activities	Total
Salaries and wages	\$ -	\$ 5,250	\$ -	\$ 5,250	\$ 5,250
Office rent	-	1,500	-	1,500	1,500
Insurance	12,799	1,783	-	1,783	14,582
Storage Unit	1,249	416	-	416	1,665
Office expense	-	7,214	-	7,214	7,214
Licenses fees	-	52	-	52	52
Contract and professional fees	-	10,451	5,000	15,451	15,451
Administrative support	-	2,111	6,132	8,243	8,243
Supplies	3,588	-	13,253	13,253	16,841
Advertising and marketing	6,791	-	4,528	4,528	11,319
Depreciation	37,071	-	-	-	37,071
Dinner expenses	22,626	-	42,020	42,020	64,646
Concert for the Heroes	2,000	-	-	-	2,000
Warrior Program - recreation therapy	121,273	-	-	-	121,273
Warrior Program - peer engagement	205,150	-	-	-	205,150
Warrior Program - warrior retreats	73,582	-	-	-	73,582
Warrior Program - program allocations	(72,580)	-	-	-	(72,580)
Warrior Program - outreach	47,780	-	-	-	47,780
Warrior Program - grants and donations	10,850	-	-	-	10,850
Warrior Program - wellness program	250	-	-	-	250
Total	<u>\$ 472,429</u>	<u>\$ 28,777</u>	<u>\$ 70,933</u>	<u>\$ 99,710</u>	<u>\$ 572,139</u>

The accompanying notes are an integral part of these financial statements.

OPERATION PATRIOTS FOB, INC.
STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities:

Increase (decrease) in net assets	\$ 1,652,811
Adjustments to reconcile changes in net assets to net cash provided by (used in) operations:	
Depreciation	37,071
(Increase) decrease in:	
Pledges receivable	7,501
Inventory	3,233
Prepaid insurance	(11,064)
Increase (decrease) in:	
Accounts payable	524
Accrued payroll	8,314
Net cash provided by (used in) operating activities	1,698,390

Cash Flows from Investing Activities:

Purchase of property and equipment	(3,016,461)
Net cash provided by (used in) investing activities	(3,016,461)

Cash Flows from Financing Activities:

Payments on note payable	(6,033)
Proceeds from note payable to related party	669,961
Proceeds from note payable	1,651,685
Net cash provided by (used in) financing activities	2,315,613

Net increase (decrease) in cash 997,542

Cash and cash equivalents, beginning of period 846,339

Cash and cash equivalents, end of period \$ 1,843,881

Cash and cash equivalents, end of period:

Cash and cash equivalents without donor restrictions	\$ 825,498
Cash and cash equivalents with donor restrictions	1,018,383
Total cash and cash equivalents, end of period	\$ 1,843,881

Supplemental Cash Flows Information

Cash paid for interest expense	\$ 7,904
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The accompanying notes are an integral part of these financial statements.

OPERATION PATRIOTS FOB, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Operation Patriots FOB, Inc. (the Organization) is a not-for-profit organization formed to provide positive experiences for veterans and first responders by connecting through outdoor and recreational activities to save lives. The Organization was incorporated in the State of South Carolina on April 30, 2020, as a corporation and is tax exempt under Internal Revenue Code Section 501(c)(3). The Organization is located in Okatie, SC and has created a place for veterans, active duty military, first responders, and their families to come together, to relax, and to have a good time to get relief from their daily struggles. Primary support for the Organization is derived from grants and contributions from the general public.

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. The accrual basis of accounting recognizes revenues when earned and expenses at the time the liability is incurred.

Basis of Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: 1) net assets without donor restrictions, which represent the expendable resources that are available for operations at the board's discretion; and 2) net assets with donor restrictions, which represent resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Public Support and Revenue

Contributions are generally available for use in the year received unless specifically restricted by the donor. Unconditional promises to give are recorded when received from the donor. Contributions of cash and other assets are reported as with donor restrictions if they are restricted with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, the donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities as assets released from restrictions. Contributions received with donor restrictions that are met in the same reporting period are generally classified as without donor restrictions.

Contributions of donated noncash assets are recorded at their estimated fair value as of the date of donation. Services donated to the Organization are recognized as contribution revenue if the services *either* (a) create or enhance nonfinancial assets *or* (b) require specialized skills that are performed by people with those skills and would otherwise need to be purchased by the Organization if not provided by donation. No donated services meeting the above criteria were received for the six months ended December 31, 2024. The Organization received in-kind contributions for certain goods. These consist primarily of goods provided by various vendors such as gift cards, materials and supplies for renovations and puppies. The value of the in-kind contributions was \$2,300 for the six months ended December 31, 2024.

OPERATION PATRIOTS FOB, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Organization considers all highly liquid investments which are readily convertible into cash and have maturity of three months or less when acquired to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its funds at one financial institution where balances totaling less than \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At times the Organization may have cash balances in excess of FDIC insured limits. This risk is managed by maintaining all deposits with high quality and nationally recognized financial institutions. As of December 31, 2024, the Organization had uninsured cash balances of \$873,130.

The Organization maintains its investments at one brokerage institution where balances totaling less than \$500,000 are insured by the Securities Investor Protection Corporation (SIPC). At times the Organization may have investments and cash equivalent balances in excess of SIPC insured limits. This risk is managed by maintaining all investments with high quality and nationally recognized brokerage institutions. As of December 31, 2024, the Organization had uninsured investments and cash equivalent balances of \$518,383.

Pledges Receivable

Pledges receivable represent written unconditional promises to give by donors. Pledges receivable are recognized as contribution revenue in the period pledged and recorded at their net realizable value.

Property and Equipment

Purchased property and equipment is recorded at cost or, if donated, the fair market value at the time of the gift. Generally, the Organization only capitalizes expenditures for items with a cost in excess of \$2,500 and which also have an estimated useful life of greater than one year. Depreciation is calculated based on the straight-line method over the estimated useful lives of the respective assets which are as follows:

	<u>Useful Life</u>
Building and improvements	7-40
Land improvements	15
Furniture and fixtures	5-15
Equipment	5

Advertising Costs

Advertising costs are expensed as incurred. Total advertising expense for the six months ended December 31, 2024, was \$11,319.

OPERATION PATRIOTS FOB, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 1. Nature of Activities and Summary of Significant Accounting Policies (continued)

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as *other than a private foundation*. Management has determined that the Organization does not have any uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that tax returns will not be challenged by the taxing authorities and that the Organization will not be subject to tax, penalties, and interest as a result of such challenge. Generally, the Organization's tax returns remain open for three years for federal and state examinations.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and support services benefited based on estimates provided by management. Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services on a basis of periodic time and expense studies. Management and general expenses include those costs that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Date of Management's Review

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 28, 2025, the date that the financial statements were available to be issued.

Note 2. Liquidity and Availability of Resources

The Organization has \$887,998 of financial assets available to meet cash needs for general expenditure within one year of the statement of financial position date. The Organization strives to continually have financial assets on hand to meet 60 days of recurring operating expenses, which, on average, total approximately \$95,400. As a part of its liquidity management, the Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, and other obligations become due.

OPERATION PATRIOTS FOB, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 3. Property and Equipment

Property and equipment consisted of the following as of December 31, 2024:

Building and improvements	\$ 923,057
Land	2,087,596
Furniture and fixtures	55,724
Equipment	<u>317,575</u>
	3,383,952
Less accumulated depreciation	<u>(63,147)</u>
Property and equipment, net	<u>\$ 3,320,805</u>

For the six months ended December 31, 2024, the Organization reported \$37,071 in depreciation expense.

Note 4. Note Payable

The Organization has a note payable with AgSouth Farm Credit ACA. The note is for farm equipment purchased on November 7, 2024. The note has monthly payments of \$2,204.82, which includes both principal and interest at a fixed annual rate of 4.75%. The note matures on September 1, 2025. The outstanding balance as of December 31, 2024 was \$19,450. Interest expense for the six months ended December 31, 2024 was \$80.

The Organization has a note payable with AgSouth Farm Credit ACA. The note is for farm improvements that were made on November 7, 2024. The note has monthly payments of \$1,846.34, which includes both principal and interest at a fixed annual rate of 7.75%. The note matures on August 1, 2042. The outstanding balance as of December 31, 2024 was \$210,581. Interest expense for the six months ended December 31, 2024 was \$1,406.

Principal maturities due over the term of the notes follow:

<u>For the Year Ending</u>	<u>Principal</u>
December 31, 2025	\$ 6,048
December 31, 2026	6,534
December 31, 2027	7,058
December 31, 2028	7,625
December 31, 2029	8,238
Thereafter	175,078
	<u>\$ 210,581</u>

OPERATION PATRIOTS FOB, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2024

Note 4. Note Payable (continued)

The Organization assumed a note payable with AgSouth Farm Credit ACA with the purchase of real estate acquired on November 7, 2024. The note has monthly payments of \$10,786.34, which includes both principal and interest at a fixed annual rate of 4.75%. The note matures on August 1, 2040. The outstanding balance as of December 31, 2024 was \$1,421,654. Interest expense for the six months ended December 31, 2024 was \$5,646.

Principal maturities due over the term of the note follow:

<u>For the Year Ending</u>	<u>Principal</u>
December 31, 2025	\$ 71,232
December 31, 2026	66,731
December 31, 2027	69,971
December 31, 2028	73,368
December 31, 2029	76,930
Thereafter	1,063,422
	<u>\$ 1,421,654</u>

The Organization has a note payable with a related party. The note is a portion of the acquisition of 100% of the membership interest of Legacy Oaks Preserve, LLC. The acquisition occurred on November 7, 2024. The final maturity date is January 1, 2026 when the entire remaining principal amount is due and payable. The outstanding balance as of December 31, 2024 was \$669,961.

Note 5. Concentrations

The Organization is geographically located in Beaufort County within the state of South Carolina and a significant amount of its donor base is involved in businesses related to the local industries, public, and/or the financial markets. The Organization and its donors are sensitive to risks associated with conditions affecting the local economy within this geographic area including coastal weather.

Note 6. Related Party Transactions

A board member of the Organization owned fifty percent of Legacy Oaks Preserve, LLC (Legacy Oaks) until November 7, 2024. Legacy Oaks received lease payments for 268 acres of land, improvements, and several buildings used by the Organization. For the six months ended December 31, 2024, the Organization paid rent to Legacy Oaks in the amount of \$45,000. Legacy Oaks was acquired by the Organization on November 7, 2024 (See Note 4. Notes Payable).