

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

WITH

INDEPENDENT AUDITORS' REPORT

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Lions Vision Services, A South Carolina Charity
234 Outlet Pointe Boulevard, Suite C
Columbia, South Carolina 29210

We have audited the accompanying statements of financial position of Lions Vision Services, A South Carolina Charity (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lions Vision Services, A South Carolina Charity, as of June 30, 2020, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The Brittingham Group LLP

West Columbia, South Carolina

October 9, 2020

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

Assets

Current Assets

Cash and cash equivalents	\$ 19,432
Accounts receivable	7,696
Inventory	3,257
Prepaid expenses	1,947
Investments	1,058,822
Land held for resale	259,500
Total Current Assets	<u>1,350,654</u>

Property and Equipment, net of depreciation	<u>28,160</u>
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Total Assets	<u><u>\$ 1,378,814</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 5,044
Payroll withholdings and accrued taxes	3,521
Accrued leave liability	6,683
Note payable - current portion	9,810
Total Current Liabilities	<u>25,058</u>

Noncurrent Liabilities

Gift annuities payable	14,577
Note payable - noncurrent portion	14,290
Total Noncurrent Liabilities	<u>28,867</u>

Total Liabilities	<u>53,925</u>
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Net Assets

Net assets without donor restrictions	461,132
Net assets with donor restrictions	863,757
Total Net Assets	<u>1,324,889</u>

Total Liabilities and Net Assets	<u><u>\$ 1,378,814</u></u>
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See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Totals</u>
Revenues and Other Support			
Operating and Program Revenues			
Lions Clubs and MD 32	\$ 168,817	\$ -	\$ 168,817
Other designated revenues	71,671	-	71,671
Satisfaction of program restrictions:			-
Grant - DHHS	52,894	(52,894)	-
Total operating and program revenues	<u>293,382</u>	<u>(52,894)</u>	<u>240,488</u>
Program fees			
Hearing aid co-payments	2,200	-	2,200
In-kind contributions	307,248	-	307,248
Total program fees	<u>309,448</u>	<u>-</u>	<u>309,448</u>
Other revenues			
Investment income, net	11,383	893	12,276
Annuity payments	-	(2,810)	(2,810)
Total other revenues	<u>11,383</u>	<u>(1,917)</u>	<u>9,466</u>
Total revenues and other support	<u>614,213</u>	<u>(54,811)</u>	<u>559,402</u>
Expenses			
Program Services	592,514	-	592,514
Supporting Services	14,858	-	14,858
Fundraising	31,391	-	31,391
Total expenses	<u>638,763</u>	<u>-</u>	<u>638,763</u>
Change in net assets	(24,550)	(54,811)	(79,361)
Net assets at beginning of year	485,682	918,568	1,404,250
Net assets at end of year	<u>\$ 461,132</u>	<u>\$ 863,757</u>	<u>\$ 1,324,889</u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Eye Surgeries	Health Screening Unit	Hearing Aid Program	Low Vision	Lions Club	Health Awareness/ Public Relations	Vision Call Center	Total Programs	Supporting Services	Fundraising	Total
Compensation and related Office and overhead:	\$ 34,190	\$ 1,554	\$ 29,528	\$ 3,108	\$ 21,758	\$ 15,541	\$ 15,541	\$ 121,220	\$ 10,879	\$ 23,312	\$ 155,411
Leases and utilities	4,074	185	3,518	370	2,592	1,852	1,852	14,443	1,296	2,778	18,517
Telephone	1,017	46	879	92	647	462	462	3,605	324	694	4,623
Travel	405	18	349	37	258	184	184	1,435	129	276	1,840
Conference and meetings	406	19	351	37	259	185	185	1,442	129	277	1,848
Insurance - general	870	40	752	79	554	396	396	3,087	277	594	3,958
Professional fees	1,230	56	1,062	112	783	559	559	4,361	391	839	5,591
Advertising and Marketing	-	-	-	-	-	1,150	-	1,150	-	-	1,150
Other	3,842	175	3,320	349	2,446	1,747	1,747	13,626	1,223	2,621	17,470
Direct program expenses:											
In-kind services	274,429	-	32,819	-	-	-	-	307,248	-	-	307,248
Other	87,704	10,059	5,439	3,850	4,984	-	-	112,036	-	-	112,036
Depreciation	-	8,861	-	-	-	-	-	8,861	210	-	9,071
Total expenses	\$ 408,167	\$ 21,013	\$ 78,017	\$ 8,034	\$ 34,281	\$ 22,076	\$ 20,926	\$ 592,514	\$ 14,858	\$ 31,391	\$ 638,763

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2020

Cash flows from operating activities:	
Change in net assets	\$ (79,361)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	9,071
Changes in operating assets and liabilities:	
Accounts receivable	(7,546)
Inventories	148
Prepaid expenses	708
Accounts payable	141
Payroll withholdings and accrued taxes	1,235
Accrued leave	3,389
Gift annuities payable	(790)
Net cash used in operating activities	<u>(73,005)</u>
Cash flows from investing activities:	
Net purchases and sales of investments	49,394
Net cash provided by investing activities	<u>49,394</u>
Cash flows from financing activities:	
Proceeds from note payable	24,100
Net cash provided by financing activities	<u>24,100</u>
Net increase in cash and cash equivalents	489
Cash and cash equivalents at beginning of year	<u>18,943</u>
Cash and cash equivalents at end of year	<u><u>\$ 19,432</u></u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

1. Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

Lions Vision Services, A South Carolina Charity (the “Organization”) is a nonprofit organization organized under the laws of the State of South Carolina. The Organization is dedicated to the preservation of eyesight and hearing of the citizens of South Carolina through financial assistance for diagnosis and treatment of these type health issues, and through provision of education. Members of South Carolina Lions Clubs, organized under Lions Clubs International, Inc., nominate and vote for Board membership of the Organization, and provide much of the financial support for the Organization.

Basis of Accounting and Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Information regarding financial position and activities are reported according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. It is the policy of the Board to review its plans for future activities and designate appropriate sums of net assets without donor restrictions to assure adequate funding of such activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers highly liquid investments available for current use with initial maturity of three months or less to be cash equivalents, except for small amounts of uninvested cash in brokerage accounts.

Contributions and Grants

Contributions and grants represent donations to the Organization from other private organizations or individuals and are recognized in appropriate period designated by the donor. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills. Discounts on health services provided by medical specialists are recorded as non-cash contributions in the accompanying financial statements.

— CONTINUED —

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates

Land Held for Resale

The Organization's assets include land that it intends to sell with a carrying value of \$259,500.

Property and Equipment

Purchased property and equipment is capitalized at cost. Depreciation is computed on a straight-line basis over estimated useful lives of five to forty years. The Organization capitalizes asset acquisitions in excess of \$500 at their cost. Maintenance and repairs are charged to expense as incurred. When fixed assets are retired or otherwise disposed of, the cost is removed from the asset account and related accumulated depreciation is adjusted with the difference being charged to income.

Income Taxes

The Organization is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization is subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending June 30, 2020, 2019, 2018, and 2017 are still open to audit for both federal and state purposes.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. The Organization's investments have been classified as net assets without donor restrictions or net assets with donor restrictions in the statement of financial position, and income and gains or losses related to the investments are treated as net assets without donor restrictions or net assets with donor restrictions revenues and gains or losses in the statement of activities. The income and gains related to investments is reported net of related expenses in the statement of activities.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

2. 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 and cash equivalents	\$	19,432
Accounts receivable		7,696
Investments		195,065
	\$	<u>222,193</u>

3. Annuities Payable

The Organization has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and discounted liability for future payments is recognized as contribution income in net assets without donor restrictions at the date of the gift. The actuarial liability for annuities payable is calculated annually using published mortality rate tables adopted by the Internal Revenue Service and assumed rate of return of 3.4%.

4. Perpetual Trusts Held by Others

The Organization is the beneficiary of a perpetual trust that is administered by trustees outside the Organization. Although the assets of this trust are not in its possession, the Organization will receive the income earned on trust assets in perpetuity. The Organization's interest in the trust is 12.5%. The Organization's share of assets held in this trust was \$100,760 (as of June 30, 2020).

5. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes:

Donor restricted net assets by purpose or time:		
Gift annuities	\$	23,665
Donor restricted net assets held in perpetuity		<u>840,092</u>
Total net assets with donor restrictions	\$	<u>863,757</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

6. Property and Equipment

Property and equipment consist of the following at June 30, 2020:

Furniture and equipment	\$ 16,124
Health screening unit	88,833
Less, accumulated depreciation	<u>(76,797)</u>
Total	<u>\$ 28,160</u>

Depreciation expense for the year ended June 30, 2020 was \$9,071 for Lions Vision Services.

7. Investments

At June 30, 2020, cash and cash equivalents in other than investment accounts totaled \$24,635 for the Organization and was on deposit in various accounts with financial institutions that maintain insurance with the Federal Deposit Insurance Corporation.

At June 30, 2020, Lions Vision Services had investments with a market value of \$1,058,822 in four custodial accounts.

At June 30, 2020, the investments accounts were as follows:

Money market reserves	\$ 7,730
Bond funds	310,684
Equity funds	319,079
Other assets	421,106
Fixed income	223
Totals	<u>\$ 1,058,822</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Investments (continued)

Investment income from investments is comprised of the following for the year ended June 30, 2020:

Interest and dividends	\$ 36,085
Losses on investments	(13,431)
Advisor fees	<u>(10,378)</u>
Total	<u>\$ 12,276</u>

8. Fair Value Measurements

ASC 820, “*Fair Value Measurements and Disclosures*” establishes a framework for measuring fair value. 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 ASC 820 are described as follows:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
Level 2	<p>Inputs to the valuation methodology include:</p> <ul style="list-style-type: none"> - quoted prices for similar assets or liabilities in active markets; - quoted prices for 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 and corroborated by observable market data by correlation or other means. <p>If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Fair Value Measurements (continued)

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

Investments are level 1 and land held for resale, gift annuities payable and note payable are level 3. All assets and liabilities are valued at fair market value.

The preceding methods as described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2020 are shown as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	\$ 1,058,822	\$ -	\$ -	\$ 1,058,822
Land held for sale	-	-	259,500	259,500
	\$ 1,058,822	\$ -	\$ 259,500	\$ 1,318,322
Financial liabilities				
Gift annuities payable	\$ -	\$ -	\$ 14,577	\$ 14,577
Note payable	-	-	24,100	24,100
	\$ -	\$ -	\$ 38,677	\$ 38,677

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

8. Fair Value Measurements (continued)

	Fair value Measurements Using Significant Unobservable Inputs (Level 3)		
	Land Held for Resale	Gift Annuities Payable	Note Payable
Beginning June 30, 2019	\$ 259,500	\$ 15,367	\$ -
Payments made on gift annuities	-	(2,810)	-
Change in annuity obligations	-	2,020	-
Proceeds from note payable	-	-	24,100
Ending June 30, 2020	<u>\$ 259,500</u>	<u>\$ 14,577</u>	<u>\$ 24,100</u>

9. Retirement Plan

The Organization sponsors a simplified employee pension plan that covers all employees on the next entry date after they have completed six months of employment and have reached age 21. Contributions to the plan are matched up to 3% of each employee's annual salary. For the year ended June 30, 2020, the amount of pension expense was \$4,166.

10. Note Payable

On May 7, 2020, the Organization entered into a note payable under the Paycheck Protection Program payable in monthly installments of \$1,435, including interest at 1%, starting December 7, 2020. The note matures in May of 2022. At June 30, 2020 the note payable balance was \$ 24,100.

The Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, however, there is no assurance that certain actions will not occur that could cause the Organization to be ineligible for forgiveness of the loan, in whole or in part.

The minimum future payments under the terms of the note payable agreement are as follows:

Year Ending June 30,	Principal	Interest	Total
2021	\$ 9,810	\$ 237	\$10,047
2022	14,290	66	14,356
Total	<u>\$ 24,100</u>	<u>\$ 303</u>	<u>\$24,403</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Operating lease

Effective July 1, 2018, the Organization entered into a lease agreement with the Association for Education in Journalism and Mass Communication, to lease 2,100 square feet of office space for a period of three years at a rate of \$1,333 per month.

Minimum future rental payments under this lease which expires at the end of fiscal year 2021 are as follows:

Year Ending June 30,	
2021	<u>\$ 15,996</u>
Total	<u>\$ 15,996</u>

11. Subsequent events

Subsequent events were evaluated through October 9, 2020, which is the date the financial statements were available for issue. In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. It is anticipated that these impacts will continue for some time. There has been no immediate impact to the Organization's operations. Future potential impacts may include a decline in investment earnings as a result of the economic conditions caused by COVID-19. Additional impacts may include a decrease in contributions received. The future effects of these issues are unknown.