

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

WITH

INDEPENDENT AUDITORS' REPORT

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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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, 2021, 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, 2021, and the changes in its 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 19, 2021

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

Assets

Current Assets

Cash and cash equivalents	\$ 158,577
Accounts receivable	6,049
Inventory	2,779
Prepaid expenses	1,239
Investments	1,263,503
Land held for resale	239,928
Total Current Assets	<u>1,672,075</u>

Property and Equipment, net of depreciation	<u>28,433</u>
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Total Assets	<u><u>\$ 1,700,508</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 17,717
Payroll withholdings and accrued taxes	4,327
Accrued leave liability	3,772
Total Current Liabilities	<u>25,816</u>

Noncurrent Liabilities

Gift annuities payable	<u>13,794</u>
Total Noncurrent Liabilities	<u>13,794</u>

Total Liabilities	<u>39,610</u>
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Net Assets

Net assets without donor restrictions	734,197
Net assets with donor restrictions	926,701
Total Net Assets	<u>1,660,898</u>

Total Liabilities and Net Assets	<u><u>\$ 1,700,508</u></u>
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See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	<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	\$ 103,496	\$ -	\$ 103,496
Other designated revenues	294,292	52,784	347,076
Total operating and program revenues	<u>397,788</u>	<u>52,784</u>	<u>450,572</u>
Program fees			
Hearing aid co-payments	3,050	-	3,050
In-kind contributions	502,545	-	502,545
Total program fees	<u>505,595</u>	<u>-</u>	<u>505,595</u>
Other revenues			
Investment income, net	229,158	12,077	241,235
Annuity payments	-	(1,917)	(1,917)
Paycheck protection program loan forgiveness	24,100	-	24,100
Gain on sale of land	29,749	-	29,749
Total other revenues	<u>283,007</u>	<u>10,160</u>	<u>293,167</u>
Total revenues and other support	<u>1,186,390</u>	<u>62,944</u>	<u>1,249,334</u>
Expenses			
Program Services	857,233	-	857,233
Supporting Services	17,848	-	17,848
Fundraising	38,244	-	38,244
Total expenses	<u>913,325</u>	<u>-</u>	<u>913,325</u>
Change in net assets	273,065	62,944	336,009
Net assets at beginning of year	461,132	863,757	1,324,889
Net assets at end of year	<u>\$ 734,197</u>	<u>\$ 926,701</u>	<u>\$ 1,660,898</u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	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	\$ 42,373	\$ 1,926	\$ 36,595	\$ 3,852	\$ 26,965	\$ 19,261	\$ 19,261	\$ 150,233	\$ 13,482	\$ 28,891	\$ 192,606
Office and overhead:											
Leases and utilities	4,087	186	3,529	371	2,600	1,857	1,857	14,487	1,300	2,786	18,573
Telephone	848	38	733	77	540	386	386	3,008	270	578	3,856
Travel	360	16	311	33	229	164	164	1,277	115	245	1,637
Conference and meetings	1,360	62	1,174	124	865	617	618	4,820	433	927	6,180
Insurance - general	728	33	629	66	464	331	331	2,582	232	497	3,311
Professional fees	1,210	55	1,045	110	770	550	550	4,290	385	825	5,500
Advertising and Marketing	-	-	-	-	-	3,204	-	3,204	-	-	3,204
Other	5,126	233	4,427	466	3,261	2,330	2,330	18,173	1,631	3,495	23,299
Direct program expenses:											
In-kind services	477,429	-	25,116	-	-	-	-	502,545	-	-	502,545
Other	119,799	5,255	5,511	5,227	6,036	-	-	141,828	-	-	141,828
Depreciation	-	10,786	-	-	-	-	-	10,786	-	-	10,786
Total expenses	\$ 653,320	\$ 18,590	\$ 79,070	\$ 10,326	\$ 41,730	\$ 28,700	\$ 25,497	\$ 857,233	\$ 17,848	\$ 38,244	\$ 913,325

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ 336,009
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	10,786
Gain on sale of land	(29,749)
Changes in operating assets and liabilities:	
Accounts receivable	1,647
Inventories	478
Prepaid expenses	708
Accounts payable	12,673
Payroll withholdings and accrued taxes	806
Accrued leave	(2,911)
Gift annuities payable	(783)
Net cash provided by operating activities	<u>329,664</u>
Cash flows from investing activities:	
Net purchases and sales of investments	(204,681)
Purchase of fixed assets	(11,059)
Sale of land	49,321
Net cash used in investing activities	<u>(166,419)</u>
Cash flows from financing activities:	
Forgiveness of paycheck protection program loan	<u>(24,100)</u>
Net cash used in financing activities	<u>(24,100)</u>
Net increase in cash and cash equivalents	139,145
Cash and cash equivalents at beginning of year	19,432
Cash and cash equivalents at end of year	<u>\$ 158,577</u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

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 \$239,928. On January 5, 2021, the Organization sold a portion of the land for \$49,321. The carrying value of the land sold was \$19,752, resulting in a gain on sale of \$29,749.

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, 2021, 2020, 2019, and 2018 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:

	June 30, 2021	Restricted	Net Available
Cash and cash equivalents	\$ 158,577	\$ (45,785)	\$ 112,792
Accounts receivable	6,049	-	6,049
Investments	1,263,503	(880,916)	382,587
	<u>\$ 1,428,129</u>	<u>\$ (926,701)</u>	<u>\$ 501,428</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 3.01%.

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 \$110,135 (as of June 30, 2021).

5. Classification of Endowment Fund

The Organization's "institutional endowment funds" consist of donor-restricted resources segregated into "funds" for management and monitoring for which the gifts are held intact in perpetuity. The income generated from these resources is to be used for various programs within the charitable purpose of the Organization. As required by generally accepted accounting principles, net assets associated with the "institutional endowment funds" are classified and reported based on the existence or absence of donor-imposed restrictions.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

5. Classification of Endowment Fund (continued)

From time to time, the fair value of assets associated with individual donor-restricted funds may fall below the level that the donor requires the Organization to retain as a fund of perpetual duration. As of June 30, 2021, the Organization has no funds for which the current value is below the level required by the donor.

The following depicts the activity in the “institutional endowment funds” by net asset classification for the year-ended:

	Endowment Fund		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Endowment net assets, June 30, 2020	\$ 178,643	\$ 841,937	\$ 1,020,580
Investment return	226,459	5,154	231,613
Board approved payouts	(33,854)	-	(33,854)
Endowment net assets, June 30, 2021	<u>\$ 371,248</u>	<u>\$ 847,091</u>	<u>\$ 1,218,339</u>
Endowment net assets, June 30, 2021	\$ 371,248	\$ 847,091	\$ 1,218,339
Non endowment net assets	362,949	79,610	442,559
Total net assets	<u>\$ 734,197</u>	<u>\$ 926,701</u>	<u>\$ 1,660,898</u>

6. Net Assets with Donor Restrictions

At June 30, 2021 net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:

Gift annuities	\$ 31,371
Blind fishing event	10,357
Programs and services	37,882
	<u>79,610</u>

Held in perpetuity:

Operations	847,091
	<u>847,091</u>

Total net assets with donor restrictions	<u>\$ 926,701</u>
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LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Property and Equipment

Property and equipment consist of the following at June 30, 2021:

Furniture and equipment	\$ 27,183
Health screening unit	88,833
Less, accumulated depreciation	<u>(87,583)</u>
Total	<u>\$ 28,433</u>

Depreciation expense for the year ended June 30, 2021 was \$10,786 for Lions Vision Services.

8. Investments

At June 30, 2021, cash and cash equivalents in other than investment accounts totaled \$157,032 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, 2021, Lions Vision Services had investments with a market value of \$1,263,503 in four custodial accounts.

At June 30, 2021, the investments accounts were as follows:

Money market reserves	\$ 8,981
Bond funds	351,138
Equity funds	275,737
Other assets	627,456
Fixed income	191
Totals	<u>\$ 1,263,503</u>

Investment income from investments is comprised of the following for the year ended June 30, 2021:

Interest and dividends	\$ 30,298
Gains on investments	222,214
Advisor fees	<u>(11,277)</u>
Total	<u>\$ 241,235</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. 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	Inputs to the valuation methodology include: <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 or corroborated by observable market data by correlation or other means. 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.
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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 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.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

9. Fair Value Measurements (continued)

Within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2021 are shown as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	\$ 1,263,503	\$ -	\$ -	\$ 1,263,503
Land held for sale	-	-	239,928	239,928
	<u>\$ 1,263,503</u>	<u>\$ -</u>	<u>\$ 239,928</u>	<u>\$ 1,503,431</u>
Financial liabilities				
Gift annuities payable	\$ -	\$ -	\$ 13,794	\$ 13,794
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,794</u>	<u>\$ 13,794</u>

Changes in Level 3 fair value measurements were as follows:

	Fair value Measurements Using Significant Unobservable Inputs (Level 3)		
	Land Held for Resale	Gift Annuities Payable	Note Payable
Beginning June 30, 2020	\$ 259,500	\$ 14,577	\$ 24,100
Payments made on gift annuities	-	(1,917)	-
Change in annuity obligations	-	1,134	-
Sale of portion of land	(19,572)	-	-
Forgiveness of note payable	-	-	(24,100)
Ending June 30, 2021	<u>\$ 239,928</u>	<u>\$ 13,794</u>	<u>\$ -</u>

10. 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, 2021, the amount of pension expense was \$4,250.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. Paycheck Protection Program Loan Forgiveness

On May 7, 2020, the Organization signed a Paycheck Protection Program note payable for \$24,100 with Truist Bank with a 1% interest rate and a maturity date in May of 2022. The terms of the agreement state that the note payable may be forgiven in whole or in part in accordance with the CARES Act. In November of 2020 the note payable was fully forgiven. The Organization has elected to follow revenue recognition standard FASB ASC 958-605, which allows the forgiven principal balance of the note payable to be recognized as revenue and be presented as loan forgiveness proceeds. Therefore, the principal balance of \$24,100 is presented as loan forgiveness revenue as of June 30, 2021.

12. 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. Rent expense for the year ended June 20, 2021 was \$18,573.

During March 2021, 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 \$1,575 per month, effective July 1, 2021.

Minimum future rental payments under this lease which expires at the end of fiscal year 2024 are as follows:

Year Ending June 30,	
2022	\$ 18,900
2023	18,900
2024	18,900
Total	<u>\$ 56,700</u>

13. Subsequent events

Subsequent events were evaluated through October 19, 2021, which is the date the financial statements were available for issue. The Organization sold the remaining portion of land held for resale subsequent to year end for \$208,424.