

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

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AUDITED FINANCIAL STATEMENTS

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YEAR ENDED JUNE 30, 2022

WITH

INDEPENDENT AUDITORS' REPORT

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

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AUDITED FINANCIAL STATEMENTS

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YEAR ENDED JUNE 30, 2022

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# THE BRITTINGHAM GROUP, L.L.P.

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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

### ***Opinion***

We have audited the accompanying financial statements of Lions Vision Services, A South Carolina Charity (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows 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 the Lions Vision Services, A South Carolina Charity, as of June 30, 2022, and the changes in its net assets 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 the Organization's 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 the Organization'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 the Organization'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.

The Brittingham Group LLP

West Columbia, South Carolina  
November 3, 2022

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2022

**Assets**

Current Assets

Cash and cash equivalents	\$ 223,336
Accounts receivable	13,049
Inventory	2,238
Prepaid expenses	2,424
Investments	1,324,180
Total Current Assets	<u>1,565,227</u>

Property and Equipment, net of depreciation	<u>17,008</u>
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Total Assets	<u><u>\$ 1,582,235</u></u>
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**Liabilities and Net Assets**

Current Liabilities

Accounts payable	\$ 18,529
Payroll withholdings and accrued taxes	3,564
Accrued leave liability	6,601
Total Current Liabilities	<u>28,694</u>

Total Liabilities	<u>28,694</u>
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Net Assets

Net assets without donor restrictions	558,578
Net assets with donor restrictions	994,963
Total Net Assets	<u>1,553,541</u>

Total Liabilities and Net Assets	<u><u>\$ 1,582,235</u></u>
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*See accompanying notes.*

## LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2022

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Totals</u>
<b>Revenues and Other Support</b>			
Operating and Program Revenues			
Lions Clubs and MD 32	\$ 115,533	\$ 16,160	\$ 131,693
Other designated revenues	116,612	288,340	404,952
Satisfaction of program restrictions:			-
Other designated revenues	211,379	(211,379)	-
Total operating and program revenues	<u>443,524</u>	<u>93,121</u>	<u>536,645</u>
Program fees			
Hearing aid co-payments	50	-	50
In-kind contributions	516,865	-	516,865
Total program fees	<u>516,915</u>	<u>-</u>	<u>516,915</u>
Other revenues			
Investment income, net	(147,611)	(22,159)	(169,770)
Annuity payments	-	(2,700)	(2,700)
Loss on sale of land	(31,504)	-	(31,504)
Total other revenues	<u>(179,115)</u>	<u>(24,859)</u>	<u>(203,974)</u>
Total revenues and other support	<u>781,324</u>	<u>68,262</u>	<u>849,586</u>
<b>Expenses</b>			
Program Services	904,762	-	904,762
Supporting Services	18,255	-	18,255
Fundraising	33,926	-	33,926
Total expenses	<u>956,943</u>	<u>-</u>	<u>956,943</u>
Change in net assets	(175,619)	68,262	(107,357)
Net assets at beginning of year	734,197	926,701	1,660,898
Net assets at end of year	<u>\$ 558,578</u>	<u>\$ 994,963</u>	<u>\$ 1,553,541</u>

*See accompanying notes.*

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2022

	<b>Eye Surgeries</b>	<b>Health Screening Unit</b>	<b>Hearing Aid Program</b>	<b>Vision Technology</b>	<b>Eyeglass Program</b>	<b>Santee Blind Fishing Event</b>	<b>Lions Clubs</b>	<b>Health Awareness/ Public Relations</b>	<b>Vision Call Center</b>	<b>Total Programs</b>	<b>Supporting Services</b>	<b>Fundraising</b>	<b>Total</b>
Compensation and related	\$ 37,590	\$ 1,709	\$ 15,378	\$ 1,709	\$ 1,709	\$ 17,087	\$ 23,920	\$ 17,087	\$ 17,087	\$ 133,276	\$ 11,961	\$ 25,630	\$ 170,867
Office and overhead:													
Leases and utilities	4,732	215	1,936	215	215	2,151	3,012	2,151	2,151	16,778	1,506	3,227	21,511
Telephone	694	32	284	32	32	315	441	315	315	2,460	221	473	3,154
Travel	-	-	-	-	-	-	-	-	-	-	-	-	-
Conference and meetings	626	28	256	28	28	284	398	284	284	2,216	199	427	2,842
Insurance - general	685	31	280	31	31	311	436	311	311	2,427	218	467	3,112
Professional fees	1,210	55	495	55	55	550	770	550	550	4,290	385	825	5,500
Advertising and Marketing	-	-	-	-	-	-	-	28,986	-	28,986	-	-	28,986
Other	4,220	192	1,726	192	192	1,918	2,685	1,918	1,918	14,961	1,343	2,877	19,181
Direct program expenses:													
In-kind services	502,533	-	13,293	630	409	-	-	-	-	516,865	-	-	516,865
Other	105,611	2,607	30,520	5,729	3,284	23,658	2,091	-	-	173,500	-	-	173,500
Depreciation	-	9,003	-	-	-	-	-	-	-	9,003	2,422	-	11,425
<b>Total expenses</b>	<b>\$ 657,901</b>	<b>\$ 13,872</b>	<b>\$ 64,168</b>	<b>\$ 8,621</b>	<b>\$ 5,955</b>	<b>\$ 46,274</b>	<b>\$ 33,753</b>	<b>\$ 51,602</b>	<b>\$ 22,616</b>	<b>\$ 904,762</b>	<b>\$ 18,255</b>	<b>\$ 33,926</b>	<b>\$ 956,943</b>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2022

<b>Cash flows from operating activities:</b>	
Change in net assets	\$ (107,357)
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	11,425
Loss on sale of land	31,504
Changes in operating assets and liabilities:	
Accounts receivable	(7,000)
Inventories	541
Prepaid expenses	(1,185)
Accounts payable	812
Payroll withholdings and accrued taxes	(763)
Accrued leave	2,829
Gift annuities payable	(13,794)
Net cash used by operating activities	<u>(82,988)</u>
<b>Cash flows from investing activities:</b>	
Net purchases and sales of investments	(60,677)
Sale of land	208,424
Net cash used by investing activities	<u>147,747</u>
Net increase in cash and cash equivalents	64,759
Cash and cash equivalents at beginning of year	<u>158,577</u>
Cash and cash equivalents at end of year	<u><u>\$ 223,336</u></u>

See accompanying notes.



LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

**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 under the laws of the State of South Carolina. The Organization is dedicated to ending blindness in poverty in South Carolina by providing an array of vision and eye care services to residents of South Carolina experiencing financial need, empowering the under-served blind and visually impaired in South Carolina to live safe, meaningful, and fulfilling lives. Members of South Carolina Lions Clubs, organized under Lions Clubs International, Inc., make up the membership of Lions Vision Services, may nominate candidates for Board membership of the Organization, vote on any proposed changes to the Organization’s Bylaws, 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

On July 13, 2021, the Organization sold the remaining portion of land it intended to sell for \$208,424. The carrying value of the land sold was \$239,928, resulting in a loss on sale of \$31,504.

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, 2022, 2021, 2020, and 2019 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:

	<u>June 30, 2022</u>	<u>Restricted</u>	<u>Net Available</u>
Cash and cash equivalents	\$ 223,336	\$ (124,216)	\$ 99,120
Accounts receivable	13,049	-	13,049
Investments	1,324,180	(91,397)	1,232,783
	<u>\$ 1,560,565</u>	<u>\$ (215,613)</u>	<u>\$ 1,344,952</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 \$95,454 (as of June 30, 2022).

**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, 2022, 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, 2021	\$ 371,248	\$ 845,246	\$ 1,216,494
Investment return, net	(158,992)	(3,351)	(162,343)
Contributions	190,528	25,000	215,528
Endowment net assets, June 30, 2022	<u>\$ 402,784</u>	<u>\$ 866,895</u>	<u>\$ 1,269,679</u>
Endowment net assets, June 30, 2022	\$ 402,784	\$ 866,895	\$ 1,269,679
Non endowment net assets	155,794	128,068	283,862
Total net assets	<u>\$ 558,578</u>	<u>\$ 994,963</u>	<u>\$ 1,553,541</u>

**6. Net Assets with Donor Restrictions**

At June 30, 2022 net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Gift annuities	\$ 22
Blind fishing event	5,840
Programs and services	122,206
	<u>128,068</u>
Endowments:	
Operations	26,803
	<u>26,803</u>
Held in perpetuity:	
Operations	840,092
	<u>840,092</u>
Total net assets with donor restrictions	<u>\$ 994,963</u>

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, 2022:

Furniture and equipment	\$ 27,183
Health screening unit	88,833
Less, accumulated depreciation	<u>(99,008)</u>
Total	<u>\$ 17,008</u>

Depreciation expense for the year ended June 30, 2022 was \$11,425 for Lions Vision Services.

**8. Investments**

At June 30, 2022, cash and cash equivalents in other than investment accounts totaled \$258,432 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, 2022, Lions Vision Services had investments with a market value of \$1,324,180 in four custodial accounts.

At June 30, 2022, the investments accounts were as follows:

Money market reserves	\$ 34,515
Bond funds	358,879
Equity funds	328,981
Other assets	601,627
Fixed income	178
Totals	<u>\$ 1,324,180</u>

Investment income from investments is comprised of the following for the year ended June 30, 2022:

Interest and dividends	\$ 39,367
Losses on investments	(195,462)
Advisor fees	<u>(13,675)</u>
Totals	<u>\$ (169,770)</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"><li>- quoted prices for similar assets or liabilities in active markets;</li><li>- quoted prices for similar assets or liabilities in inactive markets;</li><li>- inputs other than quoted prices that are observable for the asset or liability;</li><li>- inputs that are derived principally from and corroborated by observable market data by correlation or other means.</li></ul> 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, 2022 are shown as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
Investments	\$ 1,324,180	\$ -	\$ -	\$ 1,324,180
	<u>\$ 1,324,180</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,324,180</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
Beginning June 30, 2021	\$ 239,928	\$ 13,794
Payments made on gift annuities	-	(2,700)
Change in annuity obligations	-	(11,094)
Sale of land	(239,928)	-
Ending June 30, 2022	<u>\$ -</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, 2022, the amount of pension expense was \$4,087.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

**11. Operating lease**

Effective July 1, 2022, 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. Rent expense for the year ended June 30, 2022 was \$21,511.

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

Year Ending June 30,	
2023	\$ 18,900
2024	18,900
Total	<u>\$ 37,800</u>

**12. Subsequent events**

Subsequent events were evaluated through November 3, 2022, which is the date the financial statements were available for issue. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.