

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

WITH

INDEPENDENT AUDITORS' REPORT

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

AUDITED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023

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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, 2023, 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, 2023, 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 27, 2023

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2023

Assets

Current Assets

Cash and cash equivalents	\$ 265,446
Accounts receivable	5,988
Contributions receivable	50,000
Inventory	2,148
Prepaid expenses	1,845
Investments	1,548,122
Total Current Assets	<u>1,873,549</u>

Property and equipment, net of depreciation	12,078
Right of use asset, net of amortization	<u>20,683</u>

Total Assets	<u><u>\$ 1,906,310</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 37,649
Payroll withholdings and accrued taxes	8,713
Accrued leave liability	8,132
Lease liability	20,683
Total Current Liabilities	<u>75,177</u>

Total Liabilities	<u>75,177</u>
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Net Assets

Net assets without donor restrictions	1,414,578
Net assets with donor restrictions	416,555
Total Net Assets	<u>1,831,133</u>

Total Liabilities and Net Assets	<u><u>\$ 1,906,310</u></u>
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See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
Revenues and Other Support			
Operating and Program Revenues			
Lions Clubs and MD 32 contributions	\$ 103,179	\$ 100,000	\$ 203,179
Other designated contributions	149,472	428,106	577,578
Satisfaction of program restrictions	292,777	(292,777)	-
Total Operating and Program Revenues	<u>545,428</u>	<u>235,329</u>	<u>780,757</u>
Program fees			
In-kind contributions	637,978	-	637,978
Total Program Fees	<u>637,978</u>	<u>-</u>	<u>637,978</u>
Other Revenues			
Investment income, net	113,362	3,580	116,942
Total Other Revenues	<u>113,362</u>	<u>3,580</u>	<u>116,942</u>
Total Revenues and Other Support	<u>1,296,768</u>	<u>238,909</u>	<u>1,535,677</u>
Expenses			
Program services	1,143,274	-	1,143,274
Supporting services	23,421	-	23,421
Fundraising	91,390	-	91,390
Total expenses	<u>1,258,085</u>	<u>-</u>	<u>1,258,085</u>
Change in net assets	38,683	238,909	277,592
Net assets at beginning of year, as restated	1,375,895	177,646	1,553,541
Net assets at end of year	<u>\$ 1,414,578</u>	<u>\$ 416,555</u>	<u>\$ 1,831,133</u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Eye Surgeries	Health Screening Unit	Hearing Aid Program	Vision Technology	Eyeglass Program	Santee Blind Fishing Event	Lions Clubs	Health Awareness/ Public Relations	Vision Call Center	Total Programs	Supporting Services	Fundraising	Total
Compensation and related	\$ 52,054	\$ 6,006	\$ -	\$ 6,006	\$ 2,002	\$ 20,021	\$ 20,021	\$ 24,025	\$ 20,021	\$ 150,156	\$ 16,017	\$ 34,036	\$ 200,209
Office and overhead:													
Leases and utilities	156	18	-	18	6	60	60	72	60	450	48	102	600
Lease amortization	5,516	636	-	636	212	2,122	2,122	2,546	2,122	15,912	1,697	3,607	21,216
Telephone	817	94	-	94	31	314	314	377	314	2,355	251	534	3,140
Conference and meetings	1,347	155	-	155	52	518	518	622	518	3,885	414	881	5,180
Insurance - general	861	99	-	99	33	331	331	398	331	2,483	265	563	3,311
Professional fees	1,430	165	-	165	55	550	550	660	550	4,125	440	935	5,500
Advertising and marketing	-	-	-	-	-	-	-	21,719	-	21,719	-	46,806	68,525
Other	6,004	694	-	694	231	2,309	2,309	2,771	2,309	17,321	1,847	3,926	23,094
Direct program expenses:													
In-kind services	635,775	-	-	1,226	977	-	-	-	-	637,978	-	-	637,978
Other	220,926	3,826	-	13,045	488	21,681	1,688	20,000	-	281,654	-	-	281,654
Depreciation	-	5,236	-	-	-	-	-	-	-	5,236	2,442	-	7,678
Total expenses	\$ 924,886	\$ 16,929	\$ -	\$ 22,138	\$ 4,087	\$ 47,906	\$ 27,913	\$ 73,190	\$ 26,225	\$ 1,143,274	\$ 23,421	\$ 91,390	\$ 1,258,085

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2023

Cash flows from operating activities:	
Change in net assets	\$ 277,592
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	7,678
Lease amortization	21,216
Proceeds from contributions restricted to endowment	(175,000)
Gain on investments	(91,565)
Changes in operating assets and liabilities:	
Accounts receivable	7,061
Contributions receivable	(50,000)
Inventories	90
Prepaid expenses	579
Accounts payable	19,120
Payroll withholdings and accrued taxes	5,149
Accrued leave	1,531
Gift annuities payable	-
Net cash provided by operating activities	<u>23,451</u>
Cash flows from investing activities:	
Net purchases and sales of investments	(132,377)
Acquisition of right of use assets	(41,899)
Lease payments	(21,304)
Proceeds from lease liability	41,987
Purchase of fixed assets	(2,748)
Net cash provided by investing activities	<u>(156,341)</u>
Cash flows from financing activities:	
Investment in restricted endowments	175,000
Net cash used by investing activities	<u>175,000</u>
Net increase in cash and cash equivalents	42,110
Cash and cash equivalents at beginning of year	<u>223,336</u>
Cash and cash equivalents at end of year	<u><u>\$ 265,446</u></u>

See accompanying notes.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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 eyecare 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

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, 2023, 2022, 2021, and 2020 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, 2023</u>	<u>Restricted</u>	<u>Net Available</u>
Cash and cash equivalents	\$ 265,446	\$ (199,235)	\$ 66,211
Accounts receivable	5,988	-	5,988
Pledges receivable	50,000	(50,000)	-
Investments	<u>1,548,122</u>	<u>(167,320)</u>	<u>1,380,802</u>
	<u>\$ 1,869,556</u>	<u>\$ (416,555)</u>	<u>\$ 1,453,001</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 \$99,874 (as of June 30, 2023).

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

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.

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, 2023, 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, 2022	\$ 402,784	\$ 866,895	\$ 1,269,679
Restatement	829,999	(828,155)	1,844
Endowment net assets, June 30, 2022, as restated	1,232,783	38,740	1,271,523
Investment return, net	93,043	3,580	96,623
Contributions	-	175,000	175,000
Endowment net assets, June 30, 2023	<u>\$ 1,325,826</u>	<u>\$ 217,320</u>	<u>\$ 1,543,146</u>
Endowment net assets, June 30, 2023	\$ 1,325,826	\$ 217,320	\$ 1,543,146
Non endowment net assets	88,752	199,235	287,987
Total net assets	<u>\$ 1,414,578</u>	<u>\$ 416,555</u>	<u>\$ 1,831,133</u>

6. Contributions receivable

Contributions receivable, which consists of unconditional promises to give are summarized as follows:

The expected collections are in:	
Less than one year	\$ 25,000
One year to five years	25,000
Totals	<u>\$ 50,000</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

7. Net Assets with Donor Restrictions

At June 30, 2023 net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Programs and services	\$ 193,969
Blind fishing event	5,266
	<u>199,235</u>
Endowments:	
Operations	56,451
Greenville Area Programs	100,869
	<u>157,320</u>
Held in perpetuity:	
Operations	60,000
	<u>60,000</u>
 Total net assets with donor restrictions	 <u><u>\$ 416,555</u></u>

Net assets were released from donor restrictions by incurring expenses, satisfying the restricted purposes, in the amount of \$292,777 during the year ended June 30, 2023.

8. Board designated net assets

The Board of Lions Vision Services has voted to designate \$830,000 in an unrestricted endowment fund to further the mission of the Organization. This amount can only be removed from the investments and used upon a vote of the Board.

9. Property and Equipment

Property and equipment consist of the following at June 30, 2023:

Furniture and equipment	\$ 21,631
Health screening unit	68,362
Less, accumulated depreciation	<u>(77,915)</u>
 Total	 <u><u>\$ 12,078</u></u>

Depreciation expense for the year ended June 30, 2023 was \$7,678 for Lions Vision Services.

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

10. Investments

At June 30, 2023, cash and cash equivalents in other than investment accounts totaled \$283,177 for the Organization and was on deposit in various accounts with financial institutions that maintain insurance with the Federal Deposit Insurance Corporation. As of June 30, 2023 there was approximately \$33,177 that was not insured by the Federal Deposit Insurance Corporation. At June 30, 2023, Lions Vision Services had investments with a market value of \$1,548,122 in four custodial accounts.

At June 30, 2023, the investments accounts were as follows:

Money market reserves	\$ 64,455
Bond funds	330,681
Equity funds	357,112
Other assets	795,717
Fixed income	157
Totals	<u>\$ 1,548,122</u>

Investment income from investments is comprised of the following for the year ended June 30, 2023:

Interest and dividends	\$ 91,565
Losses on investments	37,950
Advisor fees	<u>(12,573)</u>
Totals	<u>\$ 116,942</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

11. 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 and 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. 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 —

11. Fair Value Measurements (continued)

Within the fair value hierarchy, the Organization’s assets at fair value as of June 30, 2023 are shown as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets				
Investments	\$ 1,548,122	\$ -	\$ -	\$ 1,548,122
	<u>\$ 1,548,122</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548,122</u>

12. 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, 2023, the amount of pension expense was \$4,664.

13. Right to Use Asset/Lease Liability

The Organization leases office space under a noncancelable lease with a base rent of \$1,575. The expiration date of the lease is June 2024.

The Organization leases a copier under a noncancelable lease with a base rent of \$200. The expiration date of the lease is March 2024.

Total payments made for all leases were \$21,304 for the year ended June 30, 2023.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Leased property being amortized				
Operating Lease	\$ -	\$ 41,899	\$ -	\$ 41,899
Right of use lease property accumulated amortization				
Operating Lease	-	(21,216)	-	(21,216)
	<u>\$ -</u>	<u>\$ 20,683</u>	<u>\$ -</u>	<u>\$ 20,683</u>

LIONS VISION SERVICES, A SOUTH CAROLINA CHARITY

NOTES TO FINANCIAL STATEMENTS

— CONTINUED —

13. Right to Use Asset/Lease Liability (continued)

The minimum future lease payments under the terms of the noncancelable lease agreements mentioned above are:

Years ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 20,683	\$ 21	\$ 20,704
	<u>\$ 20,683</u>	<u>\$ 21</u>	<u>\$ 20,704</u>

14. Restatement of Net Assets

During the year ended June 30, 2023, Management did research and had conversations with donors about amounts that were classified as net assets with restrictions in prior years. This research caused reclassification of net assets as of June 30, 2022. The table below shows the changes to net assets.

	<u>Funds without Restrictions</u>	<u>Funds with Restrictions</u>	<u>Total</u>
Net assets as of June 30, 2022	\$ 558,578	\$ 994,963	\$ 1,553,541
Change in classifications	817,317	(817,317)	-
Net assets as restated	<u>\$ 1,375,895</u>	<u>\$ 177,646</u>	<u>\$ 1,553,541</u>

15. Subsequent events

Subsequent events were evaluated through November 27, 2023, 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.