

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.

Financial Statements

June 30, 2021

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.

JUNE 30, 2021

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Schamber-Jones, CPA, PA

Sharon B. Chamber-Jones, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Mid-South Lions Sight and Hearing Service, Inc.
930 Madison Ave Suite 101
Memphis, TN 38103

I have reviewed the accompanying financial statements of Mid-South Lions Sight and Hearing Service, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, the related statements of activities, statement of functional expenses, and statement of cash flow for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

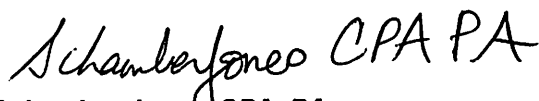
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and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

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Schamber-Jones, CPA, PA
Hattiesburg, Mississippi
November 10, 2021

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
Memphis, Tennessee
Statement of Financial Position
June 30, 2021

ASSETS:	
Cash and Cash Equivalents	\$ 187,157
Inventory-trustees	5,630
Net Fixed Assets	5,193
TOTAL ASSETS	<u>\$ 197,980</u>
 LIABILITIES AND NET ASSETS:	
Accounts payable	\$ 31,031
Total Liabilities	\$ 31,031
 Net Assets without Donor Restrictions	 \$ 166,949
Net Assets with Donor Restrictions	-
Net Assets	<u>166,949</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 197,980</u>

See accountant's review report and accompanying notes.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
 Memphis, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Contributions-Lions Clubs and Individuals	\$ 264,053		\$ 264,053
Contributions-memorials and honorariums	4,895		4,895
Contributions-other	109,367		109,367
Special events-net of direct costs	30,221		30,221
Trustees fund raiser	278		278
Interest income	74		74
Portion of PPP Loan Used in Current Year		\$ 17,046	17,046
Non-cash support:			
Office space provided	40,752		40,752
Service discounts	390,034		390,034
	839,674	17,046	856,720
Net assets released from restrictions:			
Satisfaction of program restrictions	17,046	(17,046)	-
Total Revenues, Gains, and Other Support	\$ 856,720	\$ -	\$ 856,720
Expenses:			
Program services-sight and hearing	521,392		521,392
Management and general	129,012		129,012
Fund-raising	56,842		56,842
Total expenses	707,246	-	707,246
Change in net assets	149,474	-	149,474
Net assets at beginning of the year	17,475	-	17,475
Net assets at the end of the year	\$ 166,949	\$ -	\$ 166,949

See accountant's review report and accompanying notes.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
 Memphis, Tennessee
 Statement of Functional Expenses
 For the Year Ended June 30, 2021

	<u>Program Activities</u>	<u>Supporting Activities</u>		<u>Total Program and Supporting Activities</u>
	<u>Sight and Hearing</u>	<u>Management and General</u>	<u>Fund-Raising</u>	
Employees	\$ 34,841	\$ 70,613	\$ 25,261	\$ 130,715
Accounting	0	13,317	0	13,317
Awards	0	0	4,632	4,632
Case expense- Cash	75,811	0	0	75,811
Case expense- Service discounts	390,204	0	0	390,204
Consultant Fees	0	0	3,000	3,000
Depreciation	0	690	0	690
Interest	0	195	0	195
International and state convention	0	0	50	50
Office expense	0	10,506	4,085	14,591
Payroll exp	0	493	0	493
Payroll tax	2,700	5,400	1,900	10,000
Postage	0	1,634	1,090	2,724
Leaders weekend	0	0	1,362	1,362
Meetings	0	0	1,526	1,526
Public relations	0	0	4,628	4,628
Rent	11,498	22,996	8,091	42,585
Telephone	6,338	2,925	487	9,750
Travel	0	243	730	973
Total Expenses	\$ 521,392	\$ 129,012	\$ 56,842	\$ 707,246

See accountant's review report and accompanying notes.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
 Memphis, Tennessee
 Statement of Cash Flows
 For the Year Ended June 30, 2021

Cash flows from operating activities:	
Contributions received	\$ 378,315
Special events-net of costs	30,221
Trustees fund raiser	278
Interest received	74
Cash paid for interest	(195)
Cash paid to employees and suppliers	(213,587)
Cash paid for case expenses	<u>(75,811)</u>
Net cash used in operating activities	\$ 119,295
Cash flows from investing activities	0
Cash flows from financing activities	0
Net increase in cash and cash equivalents	119,295
Cash and cash equivalents at the beginning of the year	<u>67,862</u>
Cash and cash equivalents at the end of the year	<u>\$ 187,157</u>

Reconciliation of change in net assets to net cash received by operating activities:

Change in net assets	\$ 149,474
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	690
Decrease in inventory	172
Decrease in accounts payable	(13,995)
Decrease in PPP loan	<u>(17,046)</u>
Net cash used in operating activities	<u>\$ 119,295</u>

Summary of significant non-cash support/expense transactions:

Non-cash operating activities:	
Office Space Provided/Rent Expense	\$ 40,752
Case Service Discount/Case Service Expense	<u>390,034</u>
Total	<u>\$ 430,786</u>

See accountant's review report and accompanying notes.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
Memphis, Tennessee
Notes to Financial Statements
June 30, 2021

Note 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Mid-South Lions Sight and Hearing Service, Inc (the organization) is a nonprofit corporation defined under Section 501(c)(3) of the Internal Revenue Code. The organization is dedicated to providing comprehensive medical services to indigent sight and hearing patients sponsored by Lions Clubs in Arkansas, Mississippi, Missouri, and West Tennessee. Services are provided principally at the Memphis clinics in conjunction with Methodist Healthcare, Hamilton Eye Institute, and UT Ophthalmology, and in various satellite clinics within the four-state area. Cash revenues are derived principally from the Lions Clubs in Arkansas, Mississippi, Missouri, and West Tennessee.

Basis of Presentation

Financial statement presentation follows the recommendations of the FASB ASC 958-205. Under ASC 958-205, the organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. In addition, the organization is required to present a statement of cash flows.

Contributions

Contributions are measured at their fair value and are reported as an increase in net assets. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long these long-lived assets be maintained, the organization reports expirations of the donor restrictions when the donated or acquired long-lived assets are placed in serviced. Expenses are recorded when the liability is incurred in accordance with the accrual basis of accounting.

Donated services, goods, and facilities - A substantial number of volunteers have donated their time to the organization's operations and fund-raising programs during the year; however, these donated services are not reflected in the financial statements since the services do not require specialized skills. Donated professional services are reflected in the statement of activities at their fair value, when such services can be reasonably measured. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt.

Use of Estimates

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

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
Memphis, Tennessee
Notes to Financial Statements - Continued
June 30, 2021

Note 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Method of Accounting

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles for nonprofit organizations. They are stated on the accrual basis and include material receivables and payables. Advertising and promotion cost are expensed as incurred.

Fixed Assets

Office furniture and equipment and leasehold improvements reflect purchased assets at cost and donated assets capitalized at fair value. Depreciation is recognized over the estimated useful lives (3-25 years) of the respective assets on a straight-line method. Management considers the carrying value of the long-lived assets not to be impaired.

Office furniture and equipment, depreciated over 3-15 years, is carried at \$31,912 with accumulated depreciation as of June 30, 2021 of \$28,685. Leasehold Improvements, depreciated over 10–25 years, is carried at \$10,195 with accumulated depreciation as of June 30, 2021 of \$8,229. The total carrying value of these fixed assets is \$42,107, with accumulated depreciation of \$36,914.

Cash and Cash Equivalents

Cash and cash equivalents represent cash and short-term investments with original maturities of three months or less.

Income Taxes

The organization is a non-profit corporation exempt under the IRS code 501(c) (3) whose revenue is derived from contributions and other fund-raising activities and is not subject to federal and state income taxes.

Hospital Contract

The organization has provided Methodist Healthcare and Hamilton Eye Institute with sight and hearing equipment used in examinations and surgeries. In recognition of the donated equipment, the hospital and eye institute provided a staffed clinic for free sight and hearing examination of Lions Clubs sponsored indigent patients. If the patient requires surgery, the hospital discounts their charges to the organization.

Satellite Clinic Agreements

Various satellite clinics provide eye examinations and if required the corrective surgery for Lions Clubs sponsored indigent patients at a discounted rate.

Inventory

In April 2015, the trustees purchased an oil on canvas, "Crusader." Seven hundred fifty prints were made from the original and are being sold framed and unframed. Inventory at cost includes the original canvas and both framed and unframed prints. As prints are framed for sale, the first-in, first-out method of costing is used to price the remaining inventory.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
Memphis, Tennessee
Notes to Financial Statements - Continued
June 30, 2021

Note 1- SUMMARY OF SIGNFICANT ACCOUNTING POLICIES (Continued)

Non-Refundable Contribution

The organization accepts cash payments from various Lions Clubs to be used for the purchase of hearing aids for specified club sponsored patients. The non-refundable contribution liability is increased by club payments and decreased when the hearing aids are purchased. The contribution amount is \$250.

PPP Loan and Loan Forgiveness

In May 2020, the board approved an application by the organization for the Payroll Protection Program (PPP) Loan. The proceeds of the loan were \$29,642. Under this program, if the organization meets the loan forgiveness criteria, that portion of the loan is forgiven. Prior to the yearend of June 30, 2020, management estimated at \$12,596 of expenses had satisfied the loan criteria and that portion of the loan was treated as a conditional promise of a contribution with the remainder of \$17,475 treated as a refundable advance. The \$17,475 was spent to satisfy the loan criteria during the year ended June 30, 2021.

Note 2- NON-CASH SUPPORT

Non-cash support has been recognized from the following major sources:

Discounted professional services Methodist Healthcare and Hamilton Eye Institute provide examinations for the organization's patients without charges and a discount on hospital charges in the event of sponsored patient' surgery.

Other professional health care organizations provided discounts for services to sponsored patients.

The doctors providing the patients' surgical operations and examinations have contributed their time. The doctors' support was included in the service discounts.

Office space - The University of Tennessee has provided office space, maid service, and utilities under a five-year lease ending June 30, 2022. The lease requires a ten-dollar annual lease payment and may be terminated by either party with 120 days written notice. The annual fair value of the rental space provided is \$40,752.

Note 3-FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing patient services, management, and fund-raising activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the activities benefited.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
Memphis, Tennessee
Notes to Financial Statements - Continued
June 30, 2021

Note 3-FUNCTIONAL ALLOCATION OF EXPENSES (Continued)

During the year ended June 30, 2021, the organization conducted administrative activities that also included requests for contributions. The activities included meetings, direct mail, and travel for Lions Clubs presentations. The cost of those activities included a total of \$3,697 joint costs which were not specifically identifiable to either the program component or the fund-raising component of the activities. These joint costs were allocated \$1,877 to management and general expenses and \$1,820 to fund-raising.

Note 4-LIQUIDITY

The organization's financial assets as of June 30, 2021 were all available for general use because there were no contractual or donor-imposed restrictions.

Net assets with donor restrictions of \$17,595 (the PPP loan) were held at the beginning of the year with the restrictions imposed by the SBA. Those restrictions were met in the year ended June 30, 2021.

Note 5-LEASE COMMITMENTS

The organization leases office equipment under five-year noncancellable operating lease which will expire in 2023. Rental expense for the year ended June 30, 2021 of 5,363 is included in office expense. Minimum future lease payments are as follows:

Year ended June 30, 2022	\$	<u>5,363</u>
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The lease on the office space, maid service, and utilities requires ten dollars annually as the remainder is donated by The University of Tennessee. That five-year lease ends June 30, 2022 and may be terminated by either party with 120 days written notice. The annual fair value of the rental space provided is \$40,752.

Note 6 SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 10, 2021, which is the date the financial statements were available to be issued. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.

Management has applied for the loan forgiveness of the PPP loan with the SBA, believing that the loan forgiveness criteria of paying certain expenses had been met.