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**MID-SOUTH LIONS SIGHT AND
HEARING, INC.**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2025 AND 2024**

MID-SOUTH LIONS SIGHT AND HEARING, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mid-South Lions Sight and Hearing Service, Inc.
Ocala, Florida

Opinion

We have audited the accompanying financial statements of Mid-South Lions Sight and Hearing Service, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, 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 Mid-South Lions Sight and Hearing Service, Inc. as of June 30, 2025 and 2024, 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 audits 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 Mid-South Lions Sight and Hearing Service, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 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.

Divine, Blalock, Martin & Sellari, LLC

DIVINE, BLALOCK, MARTIN & SELLARI, LLC

West Palm Beach, Florida

October 28, 2025

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENT OF FINANCIAL POSITION
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

ASSETS		
	2025	2024
Current assets:		
Cash and cash equivalents	\$ 193,047	\$ 183,653
Marketable securities	-	3,012
Inventory - trustees	4,487	4,487
Total current assets	197,534	191,152
Right of use asset	7,738	10,960
HESC prepayments	198,000	-
Property and equipment, net	3,966	4,760
Total Assets	<u>\$ 407,238</u>	<u>\$ 206,872</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 15,717	\$ 18,364
Lease liability - right of use asset, current portion	3,523	3,524
Total current liabilities	19,240	21,888
Lease liability - right of use asset, net of current portion	4,577	7,441
Total Liabilities	23,817	29,329
Net Assets		
Without donor restrictions	383,421	177,543
With donor restrictions	-	-
Total Net Assets	383,421	177,543
Total Liabilities and Net Assets	<u>\$ 407,238</u>	<u>\$ 206,872</u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Contributions- lions clubs and individuals	\$ 327,335	\$ -	\$ 327,335
Contributions- memorials and honorariums	6,407	-	6,407
Contributions- other inventory - trustees	59,940	-	59,940
Special events - net of direct costs	16,486	-	16,486
Investment income	9,900	-	9,900
Non-financial contributions - rent	40,752	-	40,752
Non-financial contributions - service discounts	756,605	-	756,605
Grant income	99,509	-	99,509
Employee Retention Credit	43,928	-	43,928
Net assets released from restrictions	-	-	-
Total Unrestricted Revenue and Support	1,360,862	-	1,360,862
Expenses			
Program expenses	933,312	-	933,312
Management and general expenses	137,522	-	137,522
Fundraising expenses	84,150	-	84,150
Total Expenses	1,154,984	-	1,154,984
Change in Net Assets	205,878	-	205,878
Net Assets at Beginning of the Year	177,543	-	177,543
Net Assets at End of Year	\$ 383,421	\$ -	\$ 383,421

The accompanying notes are an integral part of these financial statements.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restriction	With Donor Restriction	Total
Revenue and support:			
Contributions- lions clubs and individuals	\$ 320,105	\$ -	\$ 320,105
Contributions- memorials and honorariums	3,930	-	3,930
Contributions- other inventory - trustees	88,013	-	88,013
Special events - net of direct costs	11,329	-	11,329
Investment income	6,255	-	6,255
Non-financial contributions - rent	40,752	-	40,752
Non-financial contributions - service discounts	987,002	-	987,002
Net assets released from restrictions	-	-	-
Total Unrestricted Revenue and Support	1,457,386	-	1,457,386
Expenses			
Program expenses	1,225,140	-	1,225,140
Management and general expenses	112,353	-	112,353
Fundraising expenses	92,817	-	92,817
	-	-	-
Total Expenses	1,430,310	-	1,430,310
Change in Net Assets	27,076	-	27,076
Net Assets at Beginning of the Year	150,467	-	150,467
Net Assets at End of Year	\$ 177,543	\$ -	\$ 177,543

The accompanying notes are an integral part of these financial statements.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Awards	\$ -	\$ -	\$ 3,604	\$ 3,604
Amortization	-	3,222	-	3,222
Case Expense - cash	106,909	-	-	106,909
Case expense - discounts	756,605	-	-	756,605
Conventions	-	-	1,286	1,286
Depreciation	34	760	-	794
Equipment	1,354	-	-	1,354
Interest expense	-	362	-	362
Leaders weekend	-	-	2,539	2,539
Meetings and events	-	-	11,964	11,964
Miscellaneous	-	2,264	-	2,264
Office supplies	-	15,176	5,901	21,077
Payroll expense	-	520	-	520
Payroll tax	3,373	4,266	2,281	9,920
Postage	-	268	178	446
Professional fees	-	30,430	-	30,430
Public relations	-	-	9,144	9,144
Rent	14,062	17,784	9,512	41,358
Salaries and benefits	44,332	56,579	28,756	129,667
Telephone	6,643	3,066	510	10,219
Travel	-	2,825	8,475	11,300
	<u>\$ 933,312</u>	<u>\$ 137,522</u>	<u>\$ 84,150</u>	<u>\$ 1,154,984</u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program</u>	<u>Management</u>	<u>Fundraising</u>	<u>Total</u>
Awards	\$ -	\$ -	\$ 8,171	\$ 8,171
Amortization	-	2,101	1,006	3,107
Case Expense - cash	169,729	-	-	169,729
Case expense - discounts	987,112	-	-	987,112
Conventions	-	-	2,413	2,413
Depreciation	-	794	-	794
Equipment	-	-	-	-
Interest expense	-	591	-	591
Leaders weekend	-	-	609	609
Meetings and events	-	-	9,246	9,246
Miscellaneous				
Office supplies	-	10,183	3,960	14,143
Payroll expense	-	254	-	254
Payroll tax	3,365	4,256	2,276	9,897
Postage	-	640	427	1,067
Professional fees	-	11,684	-	11,684
Public relations	-	-	12,664	12,664
Rent	14,062	17,784	9,512	41,358
Salaries and benefits	44,400	56,667	28,801	129,868
Telephone	6,472	2,987	497	9,956
Travel	-	4,412	13,235	17,647
	<u>\$ 1,225,140</u>	<u>\$ 112,353</u>	<u>\$ 92,817</u>	<u>\$ 1,430,310</u>

The accompanying notes are an integral part of these financial statements.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 205,878	\$ 27,076
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	794	794
Amortization expense	3,222	3,106
Change in operating assets/liabilities:		
(Increase) Decrease in operating assets:		
Inventory	-	571
Prepayments	(198,000)	-
Increase (Decrease) in operating liabilities:		
Accounts payable and accrued expenses	<u>(2,647)</u>	<u>(26,452)</u>
Net cash provided by operating activities	<u>9,247</u>	<u>5,095</u>
Cash Flows From Investing Activities		
Purchase of investments	<u>-</u>	<u>(1,015)</u>
Net cash used by investing activities	-	(1,015)
Cash Flows From Financing Activities		
Payments on lease liabilities	<u>(2,865)</u>	<u>(3,101)</u>
Net cash used by financing activities	(2,865)	(3,101)
Increase in Cash and Cash Equivalents	6,382	979
Cash and Cash Equivalents, Beginning of Year	<u>186,665</u>	<u>182,674</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 193,047</u></u>	<u><u>\$ 183,653</u></u>

The accompanying notes are an integral part of these financial statements .

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

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 Accounting

The Organization's financial statements are prepared on the accrual basis of accounting and in accordance with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*.

Basis of Presentation

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- *Net assets without donor restrictions* represent those resources of the Organization that are not subject to donor restrictions and are available for current operations. The Organization's Board designated net assets represent the portion of expendable funds that are available to support the Organization's operation at the discretion of the Board of Directors.
- *Net assets with donor restrictions* represent those resources that have been restricted by donors or grantors for specific purposes and/or the passage of time. Net assets with donor restrictions are released when a restriction expires, that is , when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

The amounts for each class of net assets are required to be displayed in a statement of financial position and the amount of the change in each class of net assets are required to be displayed in a statement of activities.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and the differences could be material.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash held in depository banks located in Memphis, Tennessee and U.S. Treasury Bills mutual funds.

Marketable Securities

Marketable Securities are reported at fair value. Unrealized and realized gains and losses are included in the accompanying statements of activities. Investment expenses, such as custodial, commission and investment advisory fees, are netted against investment income (loss) in the statement of activities. Investments that may be liquidated within 12 months are deferred as current. These investments are all equity securities.

Concentrations of Credit Risk

Financial instruments which potentially subject the organization to concentrations of credit risk consist principally of cash and cash equivalents, custodial funds, and investments held with credit worthy financial institutions. The financial investments are held in the name of the organization. The organization maintains its cash balances at several financial institutions which, at times, may exceed federally insured limits. The organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk on its cash and cash equivalents.

Pledges, Contributions, Grants Receivable

Contributions, pledges and grants including unconditional promises to give and estate and trust gifts receivable, are recognized in the period the contribution or promise is made. Conditional promises to give are not recognized until they become unconditional, that is when the barriers are overcome. Unconditional promises expected to be collected in future years are recorded at the present value of expected future cash flows discounted at an appropriate discount rate commensurate with the risks involved. Management believes all amounts are fully collectible and has not established an allowance.

Allowance for Credit Losses

Receivables past due more than 60 days are considered delinquent. Delinquent receivables are written off when management has determined that the amount will not be collected based on consideration of the credit evaluation and specific circumstances of the donor. At each balance sheet date, the Organization recognizes an expected allowance for credit losses based on the requirement of ASU 2016-13 (See new accounting pronouncements). In addition, also at each reporting date, this estimate is calculated on a pooled basis where similar risk characteristics exist. Contributions receivable are also evaluated individually when they do not share similar characteristics which could exist in circumstances where amounts are considered at risk or uncollectable.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Credit Losses, continued

The allowance estimate is derived from a review of the Organization's historical losses on the aging receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's contribution receivables have remained constant since the Organization's inception.

The Organization writes off a receivable when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or as offset to credit loss expense in the year of recovery, in accordance with the Organization's accounting policy election. The Organization had no write-offs to the financial statements for the year ended June 30, 2025 and 2024.

Inventory

In April 2015, the trustees purchased an oil on canvas, "The Crusader." Seven hundred fifty prints were made from the original and are being sold framed and unframed. Inventory at cost had included 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. In 2021-2022, the cost of the original canvas was moved from inventory to depreciable fixed assets.

Property and Equipment

Property and equipment owned by the Organization are recorded at cost, if purchased, or fair market value, if donated. Depreciation is computed on a straight-line basis over the useful lives of the assets generally 3 to 25 years. Maintenance and repairs are charged to operations when incurred. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in the statement of activities.

Impairment of Long-Lived Assets

The Organization reviews its property and equipment for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. For assets held and used, if the undiscounted cash flows estimated to be generated by those assets are less than their carrying amounts, an impairment loss has occurred. The amount of the impairment loss is equal to the asset's carrying value over its estimated fair value. No impairment loss has been recognized by the Organization for the years ended June 30, 2025 and 2024.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the Foundation are entitled to paid vacations, paid sick days, and personal days off, depending on job classification, length of service, and other factors. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Foundation's policy is to recognize the costs of compensated absences when actually paid to employees.

Revenue and Support

The Organization follows Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers which outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied and ASU No. 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which clarifies how transactions should be accounted for as contributions (nonreciprocal transactions) or exchange transactions and whether a contribution is conditional. Revenue is recognized when earned. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Contributions are recorded as "with donor restrictions" if they are received with donor stipulations or time considerations as to their use. Revenue associated with cost-reimbursement grants is recognized in the period the related expenses are incurred. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

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.

- 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.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contribution of Nonfinancial Assets

The Organization recognizes contributions of nonfinancial assets within revenue, including goods, services, and facilities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. 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. Contributed professional services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services. 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.

Income Taxes

The Organization was granted tax-exempt status under Internal Revenue Code Section (IRC) 501(c)(3). Accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Organization is required to operate in conformity with the provisions of the IRC to maintain its exempt status.

The Organization follows accounting standards relating to accounting for uncertainty in income taxes. Management assessed whether there were any uncertain tax positions which may give rise to income tax liabilities and determined that there were no such matters requiring recognition in the accompanying financial statements. The Organization files income tax returns in the U.S. federal jurisdiction. The Organization is no longer subject to IRS examinations for years prior to 2020.

Functional Expenses

The cost of program, supporting services, and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among events and supporting services benefited. Expenses which are not directly identifiable with a specific functional category require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, payroll taxes, and payroll expenses which are allocated on the basis of estimates of time and efforts and depreciation, rent, and telephone, which are allocated on the basis of actual or estimated use of facilities.

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.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE A - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Organization calculates its operating lease right-of-use asset and operating lease liability using its incremental borrowing rate and terms under the lease agreements. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized. The Company amortizes the operating lease right-of-use asset over the lease term.

Fair Value Measurement

The Organization follows the provisions of the FASB ASC Topic, Fair Value Measurements. The Topic defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Inputs used to determine fair value are classified based on their observability, as follows:

Level 1—Fair values are based on unadjusted quoted prices for identical assets or liabilities trading in an active market that RFA has the ability to access.

Level 2—Fair values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the asset or liability.

Level 3—Fair values are based on inputs to the valuation methodology which are unobservable and significant to the fair value measurement

Recently Adopted Accounting Principles

In June 2016, the FASS issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in FASS ASC 326 were trade accounts receivable. The Foundation adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures.

MID-SOUTH LIONS SIGHT AND HEARING SERVICE, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

NOTE B – LIQUIDITY AND AVAILABILITY

The Organization’s financial asset available within one year of the statement of financial position date for general expenditures are as follows:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 193,047	\$ 183,653
Marketable securities	-	3,012
Total financial assets available within one year	<u>193,047</u>	<u>186,665</u>
Less: amounts with donor restrictions	<u>-</u>	<u>-</u>
Total net financial assets available within one year after restrictions	<u>\$ 193,047</u>	<u>\$ 186,665</u>

NOTE C – CONTRIBUTION OF NONFINANCIAL ASSETS

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’s surgery.
- Other professional health care organization 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. The service discounts were \$756,605 and \$987,002 and is shown on the statement of activities as of June 30, 2025 and 2024, respectively.
- 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 has been \$40,752. As of May 22, 2024, the lease space is provided on a month-to-month basis.

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NOTE D – PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following at June 30:

	<u>2025</u>	<u>2024</u>
Office equipment	\$ 33,847	\$ 33,847
Leasehold improvements	10,195	10,195
Less: accumulated depreciation	<u>(40,076)</u>	<u>(39,282)</u>
Total net property and equipment	<u>\$ 3,966</u>	<u>\$ 4,760</u>

NOTE E – OPERATING LEASE COMMITMENTS

The Company leases certain office space with a monthly payment of \$299 and expires on September 31, 2027. The Company has not separated lease and non-lease components under these leases.

As of July 1, 2025, operating lease right-of-use assets and corresponding lease liabilities of \$7,738 were recognized. Lease costs as of June 30, 2025 was \$3,222. Adoption of the new guidance did not have a significant impact to the statements of activities for the year ended June 30, 2025.

The following table summarizes other information related to the Company's leases in the year ending June 30, 2025:

Right-of-use assets obtained in exchange for new operating lease obligations	\$ 7,738
Weighted-average remaining lease term - operating leases (in years)	2.25
Weighted-average discount rate - operating leases	4%

Future annual minimum lease payments under the operating leases for the years ending January 31, are as follows:

Year ending June 30,	Amount
2026	3,588
2027	3,588
2028	<u>897</u>
Total lease payments	8,073
Less interest	<u>(361)</u>
Total lease obligations	7,712
Less current portion	<u>(3,523)</u>
Long-term lease obligations	<u>\$ 4,189</u>

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NOTE E – OPERATING LEASE COMMITMENTS (CONTINUED)

The following summarizes the line items in the balance sheet which include amounts for operating leases as of June 30, 2025:

Operating lease right-of-use assets, net of amortization	<u><u>\$ 7,738</u></u>
Current portion of operating lease liabilities	3,523
Operating lease liabilities	<u>4,577</u>
Total operating lease liabilities	<u><u>\$ 8,100</u></u>

The lease on the office space, maid service, and utilities requires ten dollars annually and the remainder is donated by the University of Tennessee. The lease matured on June 30, 2023 and continued on a month-to-month basis. The annual fair value of the rental space has been \$40,752.

NOTE F – SUBSEQUENT EVENTS

The Organization's management has evaluated subsequent events through October 28, 2025, the date on which the financial statements were available to be issued, and determined the following events to disclose in these combined financial statements.



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