

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

(Together with Independent Auditor's Report)

TENNESSEE LIONS CHARITIES, INC.

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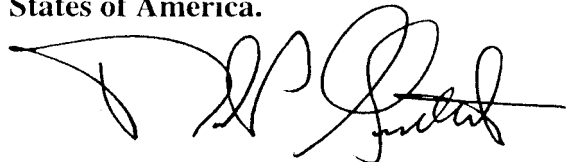
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Tennessee Lions Charities, Inc.
Nashville, Tennessee

I have audited the accompanying statements of financial position of Tennessee Lions Charities, Inc., (the organization), a nonprofit organization as of June 30, 2009 and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audit. The financial statements of Tennessee Lions Charities, Inc. as of June 30, 2008, were audited by other auditors whose report dated December 9, 2008, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, I express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of Tennessee Lions Charities, Inc. as of June 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



DAVID P. GUENTHER

November 5, 2009

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 192,386	\$ -	\$ 192,386
Due from district clubs	102	-	102
Investments	522,653	145,672	668,325
Prepaid expenses	1,952	-	1,952
Total current assets	\$ 717,093	\$ 145,672	\$ 862,765
Property held for sale	5,500	-	5,500
Property, building, and equipment, net of accumulated depreciation of \$366,499	792,449	-	792,449
Deposits	100	-	100
Total assets	\$ 1,515,142	\$ 145,672	\$ 1,660,814
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable	\$ 1,638	\$ -	\$ 1,638
Accrued property tax	4,174	-	4,174
Grants payable	63,906	-	63,906
Total current liabilities	\$ 69,718	\$ -	\$ 69,718
Total liabilities	69,718	-	69,718
Net assets:			
Unrestricted	1,445,424	-	1,445,424
Temporarily restricted	-	145,672	145,672
Total net assets	1,445,424	145,672	1,591,096
Total liabilities and net assets	\$ 1,515,142	\$ 145,672	\$ 1,660,814

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>ASSETS</u>			
Current assets:			
Cash	\$ 118,006	\$ -	\$ 118,006
Investments	619,925	138,236	758,161
Prepaid expenses	1,802	-	1,802
Total current assets	\$ 739,733	\$ 138,236	\$ 877,969
 Property held for sale	 5,500	 -	 5,500
 Property, building, and equipment, net of accumulated depreciation of \$319,669	 837,737	 -	 837,737
 Deposits	 100	 -	 100
 Total assets	 \$ 1,583,070	 \$ 138,236	 \$ 1,721,306
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable	\$ 1,517	\$ -	\$ 1,517
Accrued property tax	4,484	-	4,484
Grants payable	5,975	-	5,975
Total current liabilities	\$ 11,976	\$ -	\$ 11,976
 Total liabilities	 11,976	 -	 11,976
 Net assets:			
Unrestricted	1,571,094	-	1,571,094
Temporarily restricted	-	138,236	138,236
Total net assets	1,571,094	138,236	1,709,330
 Total liabilities and net assets	 \$ 1,583,070	 \$ 138,236	 \$ 1,721,306

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 6,264	\$ 130,260	\$ 136,524
Grant income	-	108,850	108,850
Rental income	68,321	-	68,321
Interest income	27,959	-	27,959
Net assets released from restrictions:	-	-	-
Satisfaction of program restrictions	231,674	(231,674)	-
Total revenues, gains, and other support	\$ 334,218	\$ 7,436	\$ 341,654
Expenses:			
Program services	\$ 162,177	\$ -	\$ 162,177
Management and general	140,210	-	140,210
Fund raising expenses	45,250	-	45,250
Total expenses	\$ 347,637	\$ -	\$ 347,637
Excess (deficit) of revenue and support over expense	\$ (13,419)	\$ 7,436	\$ (5,983)
Unrealized loss on investments	(112,251)	-	(112,251)
Increase (Decrease) in net assets	\$ (125,670)	\$ 7,436	\$ (118,234)
Net assets at beginning of year	1,571,094	138,236	1,709,330
Net assets at end of year	\$ 1,445,424	\$ 145,672	\$ 1,591,096

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues, gains, and other support:			
Contributions	\$ 19,166	\$ 227,580	\$ 246,746
Grant income	-	82,000	82,000
Rental income	66,116	-	66,116
Investment income	35,530	-	35,530
Net assets released from restrictions:			
Satisfaction of program restrictions	306,150	(306,150)	-
Transfer	(7,200)	(7,200)	-
Total revenues, gains, and other support	\$ 419,762	\$ (3,770)	\$ 430,392
Expenses:			
Program services	195,726	-	195,726
Management and general	125,925	-	125,925
Fund raising expenses	43,858	-	43,858
Total expenses	\$ 365,509	\$ -	\$ 365,509
Excess (deficit) of revenue and support over expense	\$ 54,253	\$ (3,770)	\$ 50,483
Unrealized loss on investments	(10,580)	-	(10,580)
Increase in net assets	\$ 43,673	\$ 10,630	\$ 54,303
Net assets at beginning of year	1,527,421	127,606	1,655,027
Net assets at end of year	\$ 1,571,094	\$ 138,236	\$ 1,709,330

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008

	<u>2009</u>	<u>2008</u>
Operating activities:		
Increase (decrease) in net assets	\$ (118,234)	\$ 54,303
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	46,831	42,342
Unrealized (gain) loss on investments	112,251	10,580
Changes in operating assets and liabilities:		
(Increase) decrease in accounts receivable	(102)	500
(Increase) decrease in prepaid expenses	(149)	(144)
Increase (decrease) in accounts payable and accrued expenses	(189)	(5)
Increase (decrease) in grants payable	<u>57,931</u>	<u>5,975</u>
Net cash provided by (used for) operating activities	<u>98,339</u>	<u>113,551</u>
Investing activities:		
Purchase (maturity) of certificates of deposit	(3,919)	352,231
Purchase of investments, net	(18,498)	(613,753)
Purchase of furniture, fixtures, and equipment	<u>(1,542)</u>	<u>(53,795)</u>
Net cash provided by (used for) investing activities	<u>(23,959)</u>	<u>(315,317)</u>
Increase (decrease) in cash	74,380	(201,766)
Cash at beginning of year	<u>118,006</u>	<u>319,772</u>
Cash at end of year	\$ <u><u>192,386</u></u>	\$ <u><u>118,006</u></u>

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 108,950	\$ -	\$ -	\$ 108,950
Salaries	-	32,715	33,246	65,961
Screening expenses	53,227	-	-	53,227
Building utilities and expenses	-	25,233	-	25,233
Accounting	-	12,364	-	12,364
Property taxes	-	8,682	-	8,682
Telephone	-	543	6,265	6,808
Payroll taxes	-	2,502	2,544	5,046
Supplies	-	3,116	-	3,116
Investment fees	-	5,080	-	5,080
Meetings	-	580	736	1,316
Taxes and licenses	-	480	-	480
Freight and postage	-	318	-	318
Printing	-	-	349	349
Miscellaneous	-	1,766	2,110	3,876
Total expenses before depreciation	162,177	93,379	45,250	300,806
Depreciation	-	46,831	-	46,831
	<u>\$ 162,177</u>	<u>\$ 140,210</u>	<u>\$ 45,250</u>	<u>\$ 347,637</u>
	47%	40%	13%	100%

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2008

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Grants	\$ 149,303	\$ -	\$ -	\$ 149,303
Salaries	-	32,000	33,000	65,000
Screening expenses	46,423	-	-	46,423
Building utilities and expenses	-	24,821	-	24,821
Accounting	-	9,583	-	9,583
Property taxes	-	8,992	-	8,992
Telephone	-	528	6,386	6,914
Payroll taxes	-	2,448	2,526	4,974
Supplies	-	2,536	-	2,536
Investment fees	-	1,418	-	1,418
Meetings	-	419	129	548
Taxes and licenses	-	455	-	455
Freight and postage	-	383	-	383
Printing	-	-	220	220
Miscellaneous	-	-	1,597	1,597
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses before depreciatio	195,726	83,583	43,858	323,167
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation	-	42,342	-	42,342
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 195,726	\$ 125,925	\$ 43,858	\$ 365,509
	<hr/>	<hr/>	<hr/>	<hr/>
	54%	34%	12%	100%

The accompanying notes to financial statements are an integral part of this statement.

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

(1) SIGNIFICANT ACCOUNTING POLICIES:

Organization – Tennessee Lions Charities, Inc. (the Organization) was formed on October 1, 1995 to provide financial support and volunteer involvement in health care programs; primarily preventable and curable eyesight difficulties with a special emphasis on pediatric vision problems in very young children. The Organization is affiliated with Lions Clubs Volunteer Services, Inc., Lions clubs International, Lions Clubs International foundation, as well as other Lions Clubs organizations and chapters throughout Tennessee. The Organization was involved in one program of service, the Operation KidSight Campaign, which was a project to raise money to fund the Tennessee Lions Eye Center (Eye Center) at Vanderbilt Children's Hospital in Nashville, Tennessee. During the year ended June 30, 2004, the Organization met its \$4,000,000 goal that established the Eye Center and, therefore, ended the Operation KidSight Campaign. Currently, the Organization is involved in one program of service, KidSight Outreach, which is a project to raise money to fund the outreach activities of the Eye Center. As of June 30, 2009, the Eye Center's Outreach Program has screened approximately 276,600 children with the help of numerous volunteers who took photographs of the children's eyes. The Organization plans to continue to fulfill its mission by continuing to raise support for the Eye Center and creating new programs in the future.

Accrual Basis – The financial statements of the Organization are prepared using the accrual basis of accounting, under which income is recognized when earned rather than when collected and expenses are recognized when incurred rather than when disbursed.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations* (SFAS No. 117). Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. A description of the three net asset categories follows:

Unrestricted – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors.

Temporarily Restricted – Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Permanently Restricted – Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. At June 30, 2009 and 2008, there are no permanently restricted net assets.

Use of Estimates – Management of the Organization has made a number of estimates and assumptions relating to the reporting of assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Cash Equivalents – For purposes of the Statements of Cash Flows, cash equivalents include any liquid investments with an original maturity of three months or less. At June 30, 2009 and 2008, there were no cash equivalents.

Accounts Receivable – An allowance for doubtful accounts is established through a provision for receivable losses charged to expense. Receivables are charged against the allowance when management believes the collectability of the receivable is unlikely. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of accounts receivable. It is reasonably possible that management's estimate of the allowance for doubtful accounts could change. In management's judgment, no allowance was required at June 30, 2009 and 2008 on existing receivables. There was no debt expense recognized in 2009 and 2008 related to accounts receivable.

Accounts receivable are considered delinquent after sixty days. Late fees and interest are not assessed on delinquent accounts. It is not the policy of the Organization to place a club or vendor on non-accrual status. At June 30, 2009 and 2008, there are no accounts receivable greater than ninety days old.

Investments – Investments consist of certificates of deposit and marketable securities. The organization purchased various certificates of deposit with maturity dates ranging from August 22, 2009 to March 23, 2010. The interest rates on the certificates of deposit range from .85% to 3.15% with the interest rolling into the certificates of deposit. Certificates of deposit with a maturity date greater than one year are classified as long-term on the Statements of Financial Position.

Investments in equity securities with readily determinable fair values and all debt securities are carried at fair value with gains and losses included as unrestricted on the Statements of Activities and Changes in Net Assets. Other investments (such as real property) are carried at the lower of cost or fair value.

Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

The Organization uses the allowance method to determine uncollectible unconditional promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. It is reasonably possible that management's estimate of the allowance for doubtful promises to give could change.

Promises to give are not considered delinquent until the program is completed. It is not the Organization's policy to place a club on non-accrual status. There were no promises to give and no bad debt expense for the years ended June 30, 2009 and 2008.

Property, Building and Equipment – Property, building and equipment are stated at cost or, if donated, at fair market value at the date of gift. Upon retirement or disposition, costs and accumulated depreciation are removed from the accounts, and the resulting profit or loss is reflected in income. Maintenance and repairs and items under \$600 are charged to expense as incurred. Property, building and equipment are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years.

Contributions – Contributions received are recorded as increases in unrestricted, temporarily restricted, or permanently restricted net assets, depending on the existence and/or nature of any donor restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Income Taxes – The Internal Revenue Service granted the Organization exempt status under Code Section 501(c)(3) as a charitable organization, and has classified it as other than a private foundation as defined in Code Section 590(a).

Contributed Services – A substantial number of unpaid volunteers have made significant contributions of their time to develop the Organization's programs, particularly in the areas of program service and fund raising. No amounts have been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, have not been satisfied.

(2) RELATED PARTY TRANSACTIONS:

The Organization received donated services and use of office equipment from Lions Clubs Volunteer Services, Inc. (LCVS), an affiliated organization. No expense or revenue has been recorded on the books for the years ended June 30, 2009 and 2008 due to the immateriality of the amount involved. The Organization received a grant in the amount of \$30,000 from Lions Clubs International Foundation for the year ended June 30, 2008.

Tennessee Lions Charities, Inc.
Notes to Financial Statements
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(3) INVESTMENTS:

Investments are stated at fair value and are summarized at June 30 as follows:

	2009		2008	
	Market	Cost	Market	Cost
Cash and cash equivalents	\$ 72,304	\$ 72,304	\$ 53,807	\$ 53,807
Mutual Funds - Equity	310,525	400,000	392,871	399,945
Mutual Funds - Fixed income	126,589	161,000	156,494	160,000
	509,418	633,304	603,172	613,752
Certificates of deposit	158,908	158,908	154,989	154,989
	<u>\$ 668,326</u>	<u>\$ 792,212</u>	<u>\$ 758,161</u>	<u>\$ 768,741</u>
			2009	2008
Market value			\$ 668,326	\$ 758,161
Cost			791,212	768,741
Unrealized gain (loss)			\$ <u>(122,886)</u>	\$ <u>(10,580)</u>
Investment income			\$ 23,577	\$ 3,862
Interest income			4,383	31,668
Investment fees			<u>(5,080)</u>	<u>(1,418)</u>
Realized net investment income			<u>\$ 22,880</u>	<u>\$ 34,112</u>

4) PROPERTY, BUILDING AND EQUIPMENT:

Property, building and equipment consist of the following at June 30, 2009 and 2008:

	2009	2008
Land	\$ 240,000	\$ 240,000
Building and improvements	811,474	811,474
Furniture and fixtures	28,765	28,765
Equipment	78,709	77,167
	<u>\$ 1,158,948</u>	<u>\$ 1,157,406</u>
Less: Accumulated depreciation	<u>(366,499)</u>	<u>(319,669)</u>
	<u>\$ 792,449</u>	<u>\$ 837,737</u>

(5) LEASING ARRANGEMENTS:

The Organization leases office space and land to unrelated third parties under operating leases expiring October, 2013 and July, 2014, respectively. Minimum future rentals to be received for the years ending June 30 under the leases are as follows:

2010	\$ 57,929
2011	57,803
2012	57,803
2013	57,803
2014	20,268
Thereafter	125
	<u>\$ 251,731</u>

(6) TEMPORARILY RESTRICTED NET ASSETS:

Temporary restricted net assets are available for the following purposes:

	<u>2009</u>	<u>2008</u>
KidSight Outreach	\$ 134,275	\$ 128,611
Screening equipment	<u>11,397</u>	<u>9,625</u>
	<u>\$ 145,672</u>	<u>\$ 138,236</u>

Net assets were released from donor restrictions by incurring expenses satisfying the purpose restrictions specified by donors as follows:

	<u>2009</u>	<u>2008</u>
KidSight Outreach	\$ 178,447	\$ 186,580
Screening equipment	<u>53,227</u>	<u>119,570</u>
	<u>\$ 231,674</u>	<u>\$ 306,150</u>

For the year ended June 30, 2008, \$7,200 was transferred from unrestricted to temporarily restricted for screening equipment per donor request.

(7) CONCENTRATIONS OF CREDIT RISK:

The majority of the Organization's revenue is derived from individuals, corporations, and lions Clubs organizations located in Tennessee. The following sources contributed more than 10% of total revenues, gains, and other support:

	<u>2009</u>	<u>2008</u>
Grant A	23%	20%

(7) RECLASSIFICATIONS:

Certain reclassifications have been made to the 2008 financial statements to conform with the 2009 presentation.