

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

**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

**(Together with Independent Auditor's Report)**

*David P. Guenther*

CERTIFIED PUBLIC ACCOUNTANT

311 BLUE BIRD DRIVE

GOODLETTSVILLE, TENNESSEE 37072

**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 financial statements of Tennessee Lions Charities, Inc., (the organization), a nonprofit organization which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

**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.

**Auditor's Responsibility**

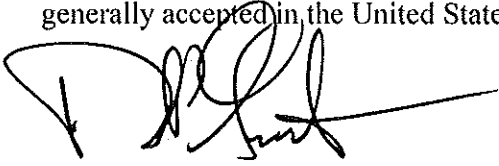
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audits in accordance with the auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## 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, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to be 'D. R. Smith', written over a horizontal line.

Goodlettsville, Tennessee

October 23, 2020

**TENNESSEE LIONS CHARITIES, INC.**  
**(A TENNESSEE CORPORATION - NOT FOR PROFIT)**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2020 AND 2019**

	<u>2020</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b><u>ASSETS</u></b>			
<b>Current assets:</b>			
Cash	\$ 59,745	\$ 694	\$ 60,439
Certificates of deposit	-	5,656	5,656
Investments	1,095,354	43,133	1,138,487
Prepaid expenses	2,354	-	2,354
Total current assets	<u>\$ 1,157,453</u>	<u>\$ 49,483</u>	<u>\$ 1,206,936</u>
 Property, building, and equipment, net of accumulated depreciation of \$773,512	 \$ 532,270	 \$ -	 \$ 532,270
 Total assets	 <u>\$ 1,689,723</u>	 <u>\$ 49,483</u>	 <u>\$ 1,739,206</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 2,568	\$ -	\$ 2,568
Note payable (Note 10)	19,308	-	19,308
Accrued property tax	4,411	-	4,411
Total current liabilities	<u>\$ 26,287</u>	<u>\$ -</u>	<u>\$ 26,287</u>
 Total liabilities	 <u>\$ 26,287</u>	 <u>\$ -</u>	 <u>\$ 26,287</u>
 Net assets:			
Without donor restrictions	\$ 1,663,436	\$ -	\$ 1,663,436
With donor restrictions	-	49,483	49,483
Total net assets	<u>\$ 1,663,436</u>	<u>\$ 49,483</u>	<u>\$ 1,712,919</u>
 Total liabilities and net assets	 <u>\$ 1,689,723</u>	 <u>\$ 49,483</u>	 <u>\$ 1,739,206</u>

	<u>2019</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>ASSETS</u>			
Current assets:			
Cash	\$ 67,677	\$ 2,036	\$ 69,713
Certificates of deposit	-	5,584	5,584
Investments	1,074,577	43,400	1,117,977
Prepaid expenses	2,149	-	2,149
Total current assets	<u>\$ 1,144,403</u>	<u>\$ 51,020</u>	<u>\$ 1,195,423</u>
Property, building, and equipment, net of accumulated depreciation of \$729,668	<u>\$ 565,171</u>	<u>\$ -</u>	<u>\$ 565,171</u>
 Total assets	<u><u>\$ 1,709,574</u></u>	<u><u>\$ 51,020</u></u>	<u><u>\$ 1,760,594</u></u>
<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:			
Accounts payable	\$ 2,055	\$ -	\$ 2,055
Note payable (Note 10)	-	-	-
Accrued property tax	4,411	-	4,411
Total current liabilities	<u>\$ 6,466</u>	<u>\$ -</u>	<u>\$ 6,466</u>
 Total liabilities	<u>\$ 6,466</u>	<u>\$ -</u>	<u>\$ 6,466</u>
Net assets:			
Without donor restrictions	\$ 1,703,108	\$ -	\$ 1,703,108
With donor restrictions	-	51,020	51,020
Total net assets	<u>\$ 1,703,108</u>	<u>\$ 51,020</u>	<u>\$ 1,754,128</u>
 Total liabilities and net assets	<u><u>\$ 1,709,574</u></u>	<u><u>\$ 51,020</u></u>	<u><u>\$ 1,760,594</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 ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues, gains, and other support:</b>			
Contributions	\$ 32,592	\$ 8,945	\$ 41,537
Grant income	-	44,322	44,322
Rental income	66,220	-	66,220
Investment income	48,494	2,511	51,005
Net assets released from restrictions:			
Satisfaction of program restrictions	50,786	(50,786)	-
Total revenues, gains, and other support	<u>\$ 198,092</u>	<u>\$ 4,992</u>	<u>\$ 203,084</u>
<b>Expenses:</b>			
Program services	\$ 175,710	\$ -	\$ 175,710
Management and general	40,786	-	40,786
Fund raising expenses	2,553	-	2,553
Total expenses	<u>\$ 219,049</u>	<u>\$ -</u>	<u>\$ 219,049</u>
Excess (deficit) of revenue and support over expense	\$ (20,957)	\$ 4,992	\$ (15,965)
Transfer of net assets to the Community Foundation (Note 8)	-	(3,750)	(3,750)
Unrealized (loss) gain on investments	(18,715)	(2,779)	(21,494)
Increase (Decrease) in net assets	<u>\$ (39,672)</u>	<u>\$ (1,537)</u>	<u>\$ (41,209)</u>
Net assets at beginning of year	<u>1,703,108</u>	<u>51,020</u>	<u>1,754,128</u>
Net assets at end of year	<u><u>\$ 1,663,436</u></u>	<u><u>\$ 49,483</u></u>	<u><u>\$ 1,712,919</u></u>

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

**2019**

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Revenues, gains, and other support:			
Contributions	\$ 30,586	\$ 14,642	\$ 45,228
Grant income	-	42,144	42,144
Rental income	68,098	-	68,098
Investment income	36,899	2,372	39,271
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>48,529</u>	<u>(48,529)</u>	<u>-</u>
Total revenues, gains, and other support	\$ <u>184,112</u>	\$ <u>10,629</u>	\$ <u>194,741</u>
Expenses:			
Program services	\$ 123,933	\$ -	\$ 123,933
Management and general	63,564	-	63,564
Fund raising expenses	<u>29,004</u>	<u>-</u>	<u>29,004</u>
Total expenses	\$ <u>216,501</u>	\$ <u>-</u>	\$ <u>216,501</u>
Excess (deficit) of revenue and support over expense	\$ (32,389)	\$ 10,629	\$ (21,760)
Transfer of net assets to the Community Foundation (Note 8)	-	(6,500)	(6,500)
Unrealized (loss) gain on investments	<u>13,714</u>	<u>323</u>	<u>14,037</u>
Increase (Decrease) in net assets	\$ <u>(18,675)</u>	\$ <u>4,452</u>	\$ <u>(14,223)</u>
Net assets at beginning of year	<u>1,721,783</u>	<u>46,568</u>	<u>1,768,351</u>
Net assets at end of year	\$ <u><u>1,703,108</u></u>	\$ <u><u>51,020</u></u>	\$ <u><u>1,754,128</u></u>



**TENNESSEE LIONS CHARITIES, INC.**  
**(A TENNESSEE CORPORATION - NOT FOR PROFIT)**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>			
	Program	Management	Fund	Total
	<u>Services</u>	<u>and</u> <u>General</u>	<u>Raising</u>	
Salaries	\$ 84,367	\$ 7,723	\$ 2,372	\$ 94,462
Screening expenses	12,139	-	-	12,139
Building utilities and expenses	19,041	7,204	-	26,245
Accounting	-	5,293	-	5,293
Property taxes	6,617	2,206	-	8,823
Telephone	9,970	268	-	10,238
Payroll taxes	6,454	591	181	7,226
Supplies	822	244	-	1,066
Investment fees	-	8,933	-	8,933
Meetings	264	66	-	330
Taxes and licenses	-	400	-	400
Freight and postage	40	10	-	50
Miscellaneous	-	-	-	-
Total expenses before depreciation	\$ 139,714	\$ 32,938	\$ 2,553	\$ 175,205
Depreciation	<u>35,996</u>	<u>7,848</u>	<u>-</u>	<u>43,844</u>
	<u>\$ 175,710</u>	<u>\$ 40,786</u>	<u>\$ 2,553</u>	<u>\$ 219,049</u>
	80%	19%	1%	100%

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

2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 82,776	\$ 8,154	\$ 1,750	\$ 92,680
Screening expenses	11,258	-	-	11,258
Building utilities and expenses	21,925	5,481	-	27,406
Accounting	-	5,180	-	5,180
Property taxes	7,058	1,764	-	8,822
Telephone	6,927	1,732	-	8,659
Payroll taxes	6,332	624	134	7,090
Supplies	1,034	429	-	1,463
Investment fees	-	9,581	-	9,581
Meetings	340	85	190	615
Taxes and licenses	-	400	-	400
Freight and postage	94	24	-	118
Miscellaneous	-	-	-	-
Total expenses before depreciation	\$ 137,744	\$ 33,454	\$ 2,074	\$ 173,272
Depreciation	37,092	6,137	-	43,229
	<u>\$ 174,836</u>	<u>\$ 39,591</u>	<u>\$ 2,074</u>	<u>\$ 216,501</u>
	81%	18%	1%	100%

**TENNESSEE LIONS CHARITIES, INC.**  
**(A TENNESSEE CORPORATION - NOT FOR PROFIT)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Operating activities:</b>		
Increase (decrease) in net assets	\$ (41,209)	\$ (14,223)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities:		
Depreciation	43,844	43,229
Unrealized (gain) loss on investments	21,494	(14,032)
Changes in operating assets and liabilities:		
(Increase) decrease in prepaid expenses	(205)	(25)
Increase (decrease) in accounts payable and accrued expenses	513	(4)
Net cash provided by (used for) operating activities	\$ <u>24,437</u>	\$ <u>14,945</u>
<b>Investing activities:</b>		
(Purchase) sale of investments, net	\$ (42,004)	\$ (13,694)
(Increase) decrease in certificates of deposit	(72)	(39)
Purchase of furniture, fixtures, and equipment	<u>(10,943)</u>	<u>(14,987)</u>
Net cash provided by (used for) investing activities	\$ <u>(53,019)</u>	\$ <u>(28,720)</u>
<b>Financing activities:</b>		
Payroll protection loan proceeds	\$ <u>19,308</u>	\$ <u>-</u>
Net cash provided by financing activities	\$ <u>19,308</u>	\$ <u>-</u>
Increase (decrease) in cash	\$ (9,274)	\$ (13,775)
Cash at beginning of year	<u>69,713</u>	<u>83,488</u>
Cash at end of year	<u>\$ 60,439</u>	<u>\$ 69,713</u>

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 YEARS ENDED JUNE 30, 2020 AND 2019**

**(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 for 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, 2020, volunteers using the latest specially designed vision screening equipment designed for preschool children have screened approximately 638,743 children. The Organization plans to continue to fulfill its mission by continuing to raise support for the KidSight Outreach Vision Screening Program 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 Accounting Standards Codification ASC 958-205-05-4. Under ASC 958-205-05-4, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. A description of the two net asset categories follows:

**Without Donor Restrictions** – Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

**With Donor Restrictions** – 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, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

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, 2020 and 2019, 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. There was no bad debt expense recognized in 2020 and 2019 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. As of June 30, 2020 and 2019, there were no outstanding receivables.

Investments – Investments consist of marketable securities

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, 2020 and 2019.

**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). Tax returns for the years ended June 30, 2020, 2019 and 2018 are subject to routine audit by federal authorities.

**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 ASC 958-605 (formerly SFAS No. 116, *Accounting for Contributions Received and Contributions Made*), have not been satisfied.

(2) INVESTMENTS:

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

	2020		2019	
	Market	Cost	Market	Cost
Cash and cash equivalents	\$ 71,665	\$ 71,665	\$ 58,428	\$ 58,428
Mutual funds - Fixed income	224,398	216,523	219,591	214,549
Mutual funds - Equity	842,424	835,260	839,958	808,468
	<u>\$ 1,138,487</u>	<u>\$ 1,123,448</u>	<u>\$ 1,117,977</u>	<u>\$ 1,081,445</u>

	2020	2019
Market value	\$ 1,138,487	1,117,977
Cost	<u>1,123,448</u>	<u>1,081,445</u>
Unrealized gain (loss)	<u>\$ 15,039</u>	<u>\$ 36,532</u>
Investment income	\$ 29,443	\$ 67,021
Investment fees	<u>(8,933)</u>	<u>(9,581)</u>
	<u>\$ 20,510</u>	<u>\$ 57,440</u>

(3) FAIR VALUE MEASUREMENTS:

The Fair Value Measurements and Disclosures topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs would be used only when Level 1 or Level 2 inputs were not available.

The Organization's investments are reported at fair value in the accompanying statement of financial position as of June 30, 2020 and 2019, respectively:

**Fair Value Measurements at June 30, 2020**

	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
<b><u>Financial Assets:</u></b>		
Investments, at fair value		
Cash and cash equivalents	\$ 71,665	\$ 71,665
Mutual funds - Fixed income	224,398	224,398
Mutual funds - Equity	842,424	842,424
	<u>\$ 1,138,487</u>	<u>\$ 1,138,487</u>

**Fair Value Measurements at June 30, 2019**

	<u>Fair Value</u>	<u>Quoted Market Prices (Level 1)</u>
<b><u>Financial Assets:</u></b>		
Investments, at fair value		
Cash and cash equivalents	\$ 58,428	\$ 58,428
Mutual funds - Fixed income	219,591	219,591
Mutual funds - Equity	839,958	839,958
	<u>\$ 1,117,977</u>	<u>\$ 1,117,977</u>

The following methods and assumptions were used to estimate the fair value for each class of financial investment measured at fair value:

**Cash and Cash Equivalents**

Investments in certain cash and cash equivalents represent investments in money market accounts. These investments are classified as Level 1 as they are traded in an active market for which daily closing prices, measured primarily on a net asset value basis, are available.

**Equity**

Investments in domestic equities represent investments in commingled funds that invest primarily in equity securities of companies based in the United States. These investments are classified as Level 1 as they are traded in an active market for which daily closing prices, measured primarily on a net asset value basis, are available.



**Fixed Income**

Investments in certain fixed income securities represent investments in debt securities. These investments are classified as Level 1 as they are traded in an active market for which daily closing prices are available.

**(4) PROPERTY, BUILDING AND EQUIPMENT:**

Property, building and equipment consist of the following at June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Land	\$ 240,000	\$ 240,000
Building and improvements	896,425	885,482
Furniture, fixtures + equipment	169,357	169,357
	<u>\$ 1,305,782</u>	<u>\$ 1,294,839</u>
Less: Accumulated depreciation	(773,512)	(729,668)
	<u><u>\$ 532,270</u></u>	<u><u>\$ 565,171</u></u>

**(5) LEASING ARRANGEMENTS:**

The Organization leases office space to an unrelated third party under an operating lease expiring September, 2022. Minimum future rentals to be received for the 5 years ending June 30 under this lease is as follows:

2021	\$ 52,208
2022	52,208
2023	8,701
	<u><u>\$ 113,117</u></u>

**(6) NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with Donor Restrictions are available for the following purposes:

	<u>2020</u>	<u>2019</u>
KidSight Outreach	\$ -	\$ -
Screening equipment	-	1,000
Endowment transfer	2,000	2,000
Leadership recognition	47,483	48,020
	<u><u>\$ 49,483</u></u>	<u><u>\$ 51,020</u></u>

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

	2020	2019
KidSight Outreach	\$ 45,571	\$ 42,269
Screening equipment	5,215	6,260
	<u>\$ 50,786</u>	<u>\$ 48,529</u>

(7) CONCENTRATIONS OF CREDIT RISK:

The majority of the Organization's revenue is derived from individuals, corporations, and Lions Clubs organizations located in Tennessee. No single source contributed more than 10% of total revenues, gains, and other support for the years ended June 30, 2020 and 2019.

(8) ENDOWMENT FUND:

Prior to June 30, 2008, the Organization received donations of \$375,000 designated for the establishment of an endowment fund. During the year ended June 30, 2010, the Organization established an endowment fund with The Community Foundation of Middle Tennessee (the "Foundation"). The Foundation is responsible for the investment and management of this fund. Net income from this fund will be forwarded to the Organization and may be used for its general operations. Income recovered during the years ended June 30, 2020 and 2019 amounted to \$25,900 and \$25,000.

During the years ended June 30, 2020 and 2019, \$3,750 and \$6,500 were transferred to this fund. Additional designated donations of \$3,750 and \$7,500 (net of donor recognition expenses of \$270 and \$368) were also received.

(9) SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through October 23, 2020, the date which the financial statements were available to be issued. No events have occurred which would have material effect on the financial statements of the Organization as of that date.

(10) NOTE PAYABLE:

On April 27, 2020, the Organization received a Payroll Protection Program (PPP) loan from First Horizon Bank, guaranteed by the U.S. Small Business Administration in the amount of \$19,308. This loan is forgivable if the proceeds are used for the specified purposes (principally payroll costs) and within the time period allowed by the loan agreement.

Management believes that it complied with the terms and provisions of the loan agreement and that the loan will ultimately be forgiven. As of June 30, 2020, the entire \$19,308 had been expended on costs allowed per the loan provisions. However, as of October 23, 2020, First Horizon Bank had not begun the process of accepting applications for loan forgiveness, and therefore the ultimate forgiveness of the loan has not been determined.