

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

FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

(Together with Independent Auditor's Report)

TENNESSEE LIONS CHARITIES, INC.

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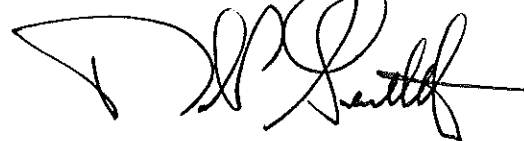
INDEPENDENT AUDITOR'S REPORT

**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, 2012 and 2011 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 audits.

I conducted my audits in accordance with 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 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, 2012 and 2011 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



DAVID P. GUENTHER

August 31, 2012

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

| | <u>2012</u> | | |
|--|----------------------------|-----------------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash | \$ 383,507 | \$ - | \$ 383,507 |
| Investments | 237,397 | 155,080 | 392,477 |
| Prepaid expenses | <u>2,234</u> | <u>-</u> | <u>2,234</u> |
| Total current assets | \$ <u>623,138</u> | \$ <u>155,080</u> | \$ <u>778,218</u> |
| Property held for sale | \$ <u>5,500</u> | \$ <u>-</u> | \$ <u>5,500</u> |
| Property, building, and equipment, net of accumulated depreciation of \$479,585 | \$ <u>704,376</u> | \$ <u>-</u> | \$ <u>704,376</u> |
| Total assets | \$ <u><u>1,333,014</u></u> | \$ <u><u>155,080</u></u> | \$ <u><u>1,488,094</u></u> |
| <u>LIABILITIES AND NET ASSETS</u> | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 1,875 | \$ - | \$ 1,875 |
| Accrued property tax | <u>4,710</u> | <u>-</u> | <u>4,710</u> |
| Total current liabilities | \$ <u>6,585</u> | \$ <u>-</u> | \$ <u>6,585</u> |
| Total liabilities | \$ <u>6,585</u> | \$ <u>-</u> | \$ <u>6,585</u> |
| Net assets: | | | |
| Unrestricted | \$ 1,326,429 | \$ - | \$ 1,326,429 |
| Temporarily restricted | <u>-</u> | <u>155,080</u> | <u>155,080</u> |
| Total net assets | \$ <u>1,326,429</u> | \$ <u>155,080</u> | \$ <u>1,481,509</u> |
| Total liabilities and net assets | \$ <u><u>1,333,014</u></u> | \$ <u><u>155,080</u></u> | \$ <u><u>1,488,094</u></u> |

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

2011

| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
|--|-------------------------|-----------------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Cash | \$ 322,481 | \$ 364 | \$ 322,845 |
| Investments | 254,647 | 136,372 | 391,019 |
| Prepaid expenses | 2,147 | - | 2,147 |
| Total current assets | <u>\$ 579,275</u> | <u>\$ 136,736</u> | <u>\$ 716,011</u> |
| Property held for sale | <u>\$ 5,500</u> | <u>\$ -</u> | <u>\$ 5,500</u> |
| Property, building, and equipment, net of accumulated depreciation of \$445,269 | <u>\$ 738,704</u> | <u>\$ -</u> | <u>\$ 738,704</u> |
| Total assets | <u>\$ 1,323,479</u> | <u>\$ 136,736</u> | <u>\$ 1,460,215</u> |

LIABILITIES AND NET ASSETS

| | | | |
|--------------------------------------|-------------------------|-----------------------|-------------------------|
| Current liabilities: | | | |
| Accounts payable | \$ 2,575 | \$ - | \$ 2,575 |
| Accrued property tax | 4,174 | - | 4,174 |
| Total current liabilities | <u>\$ 6,749</u> | <u>\$ -</u> | <u>\$ 6,749</u> |
| Total liabilities | <u>\$ 6,749</u> | <u>\$ -</u> | <u>\$ 6,749</u> |
| Net assets: | | | |
| Unrestricted | \$ 1,316,730 | \$ - | \$ 1,316,730 |
| Temporarily restricted | - | 136,736 | 136,736 |
| Total net assets | <u>\$ 1,316,730</u> | <u>\$ 136,736</u> | <u>\$ 1,453,466</u> |
| Total liabilities and net assets | <u>\$ 1,323,479</u> | <u>\$ 136,736</u> | <u>\$ 1,460,215</u> |

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | | |
|--|-----------------------------|-----------------------------------|-----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Revenues, gains, and other support: | | | |
| Contributions | \$ 22,928 | \$ 34,190 | \$ 57,118 |
| Grant income | - | 134,630 | 134,630 |
| Rental income | 69,720 | - | 69,720 |
| Interest income | 34,253 | - | 34,253 |
| Net assets released from restrictions: | - | - | - |
| Satisfaction of program restrictions | 148,251 | (148,251) | - |
| Total revenues, gains, and other support | \$ 275,152 | \$ 20,569 | \$ 295,721 |
| Expenses: | | | |
| Program services | \$ 95,384 | \$ - | \$ 95,384 |
| Management and general | 127,048 | - | 127,048 |
| Fund raising expenses | 35,576 | - | 35,576 |
| Total expenses | \$ 258,008 | \$ - | \$ 258,008 |
| Excess (deficit) of revenue and support over expense | \$ 17,144 | \$ 20,569 | \$ 37,713 |
| Transfer of net assets to the Community Foundation (Note 8) | - | (2,225) | (2,225) |
| Unrealized loss on investments | (7,445) | - | (7,445) |
| Increase (Decrease) in net assets | \$ 9,699 | \$ 18,344 | \$ 28,043 |
| Net assets at beginning of year | <u>1,316,730</u> | <u>136,736</u> | <u>1,453,466</u> |
| Net assets at end of year | \$ 1,326,429 | \$ 155,080 | \$ 1,481,509 |

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

| | <u>2011</u> | | |
|---|----------------------------|-----------------------------------|----------------------------|
| | <u>Unrestricted</u> | <u>Temporarily Restricted</u> | <u>Total</u> |
| Revenues, gains, and other support: | | | |
| Contributions | \$ 14,152 | \$ 52,757 | \$ 66,909 |
| Grant income | - | 121,450 | 121,450 |
| Rental income | 67,505 | - | 67,505 |
| Investment income | 29,863 | - | 29,863 |
| Net assets released from restrictions: | - | - | - |
| Satisfaction of program restrictions | 221,026 | (221,026) | - |
| Total revenues, gains, and other support | <u>\$ 332,546</u> | <u>\$ (46,819)</u> | <u>285,727</u> |
| Expenses: | | | |
| Program services | \$ 127,357 | \$ - | \$ 127,357 |
| Management and general | 127,071 | - | 127,071 |
| Fund raising expenses | 33,986 | - | 33,986 |
| Total expenses | <u>\$ 288,414</u> | <u>\$ -</u> | <u>\$ 288,414</u> |
| Excess (deficit) of revenue and support over expense | <u>\$ 44,132</u> | <u>\$ (46,819)</u> | <u>\$ (2,687)</u> |
| Transfer of net assets to the Community Foudation (Note 8) | - | (247,700) | (247,700) |
| Unrealized gain on investments | 57,244 | - | 57,244 |
| Realized gain on investments | 3,912 | - | 3,912 |
| Loss on disposal of fixed assets | (1,508) | - | (1,508) |
| Increase (Decrease) in net assets | <u>\$ 103,780</u> | <u>\$ (294,519)</u> | <u>\$ (190,739)</u> |
| Net assets at beginning of year, as previously reported | <u>\$ 1,094,548</u> | <u>\$ 431,255</u> | <u>\$ 1,525,803</u> |
| Prior period adjustment (Note 9) | <u>118,402</u> | <u>-</u> | <u>118,402</u> |
| Net assets at beginning of year, as adjusted | <u>1,212,950</u> | <u>431,255</u> | <u>1,644,205</u> |
| Net assets at end of year | <u><u>\$ 1,316,730</u></u> | <u><u>\$ 136,736</u></u> | <u><u>\$ 1,453,466</u></u> |

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION - NOT FOR PROFIT)
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | <u>2011</u> |
|---|--------------------|---------------------|
| Operating activities: | | |
| Increase (decrease) in net assets | \$ 28,043 | \$ (190,739) |
| Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used for) operating activities: | | |
| Depreciation | 37,755 | 36,605 |
| Unrealized (gain) loss on investments | 7,445 | (57,244) |
| Loss on disposal of assets | - | 1,508 |
| Changes in operating assets and liabilities: | | |
| (Increase) decrease in prepaid expenses | (87) | (112) |
| Increase (decrease) in accounts payable and accrued expenses | <u>(164)</u> | <u>1,046</u> |
| Net cash provided by (used for) operating activities | \$ <u>72,992</u> | \$ <u>(208,936)</u> |
| Investing activities: | | |
| (Purchase) sale of investments, net | (8,903) | 227,754 |
| Purchase of furniture, fixtures, and equipment | <u>(3,427)</u> | <u>(30,792)</u> |
| Net cash provided by (used for) investing activities | \$ <u>(12,330)</u> | \$ <u>196,962</u> |
| Increase (decrease) in cash | \$ 60,662 | \$ (11,974) |
| Cash at beginning of year | <u>322,845</u> | <u>334,819</u> |
| Cash at end of year | \$ <u>383,507</u> | \$ <u>322,845</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 YEARS ENDED JUNE 30, 2012 AND 2011

| | <u>2012</u> | | | |
|------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | <u>Program</u> | <u>Management</u> | <u>Fund</u> | <u>Total</u> |
| | <u>Services</u> | <u>and</u> | <u>Raising</u> | |
| | | <u>General</u> | | |
| Grants | \$ 58,680 | \$ - | \$ - | \$ 58,680 |
| Disaster relief | 364 | - | - | 364 |
| Salaries | - | 39,200 | 23,800 | 63,000 |
| Screening expenses | 36,340 | - | - | 36,340 |
| Building utilities and expenses | - | 25,105 | - | 25,105 |
| Accounting | - | 5,785 | - | 5,785 |
| Property taxes | - | 8,912 | - | 8,912 |
| Telephone | - | 581 | 6,978 | 7,559 |
| Payroll taxes | - | 2,999 | 1,820 | 4,819 |
| Supplies | - | 3,015 | - | 3,015 |
| Investment fees | - | 3,812 | - | 3,812 |
| Meetings | - | 751 | 614 | 1,365 |
| Taxes and licenses | - | 480 | - | 480 |
| Freight and postage | - | 367 | - | 367 |
| Printing | - | - | 60 | 60 |
| Miscellaneous | - | - | 590 | 590 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenses before depreciation | \$ 95,384 | \$ 91,007 | \$ 33,862 | \$ 220,253 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Depreciation | - | 37,755 | - | 37,755 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | \$ 95,384 | \$ 128,762 | \$ 33,862 | \$ 258,008 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 37% | 50% | 13% | 100% |

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

2011

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fund Raising</u> | <u>Total</u> |
|------------------------------------|-----------------------------|---------------------------------------|-------------------------|-------------------|
| Grants | \$ 72,240 | \$ - | \$ - | \$ 72,240 |
| Disaster relief | 49,708 | - | - | 49,708 |
| Salaries | - | 39,954 | 24,258 | 64,212 |
| Screening expenses | 5,409 | - | - | 5,409 |
| Building utilities and expenses | - | 25,778 | - | 25,778 |
| Accounting | - | 5,668 | - | 5,668 |
| Property taxes | - | 8,375 | - | 8,375 |
| Telephone | - | 569 | 6,988 | 7,557 |
| Payroll taxes | - | 3,057 | 1,855 | 4,912 |
| Supplies | - | 1,967 | - | 1,967 |
| Investment fees | - | 4,002 | - | 4,002 |
| Meetings | - | 264 | 521 | 785 |
| Taxes and licenses | - | 480 | - | 480 |
| Freight and postage | - | 352 | - | 352 |
| Printing | - | - | 60 | 60 |
| Miscellaneous | - | - | 304 | 304 |
| Total expenses before depreciation | \$ 127,357 | \$ 90,466 | \$ 33,986 | \$ 251,809 |
| Depreciation | - | 36,605 | - | 36,605 |
| | <u>\$ 127,357</u> | <u>\$ 127,071</u> | <u>\$ 33,986</u> | <u>\$ 288,414</u> |
| | 44% | 44% | 12% | 100% |

TENNESSEE LIONS CHARITIES, INC.
(A TENNESSEE CORPORATION – NOT FOR PROFIT)
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

(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, 2012, volunteers using the latest specially designed vision screening equipment designed for preschool children have screened approximately 393,860 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 958-225 (formerly SFAS No. 117). Under ASC 958-225, 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, 2012 and 2011, there were 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, 2012 and 2011, 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 2012 and 2011 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, 2012 and 2011, 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, 2012 and 2011.

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 ASC 958-605 (formerly 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, 2012 and 2011 due to the immateriality of the amount involved. The Organization received a grant in the amount of \$50,000 from Lions Clubs International Foundation for the year ended June 30, 2010 designated for disaster relief for victims of the Middle Tennessee floods of May, 2010.

(3) INVESTMENTS:

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

| | <u>2012</u> | | <u>2011</u> | |
|--------------------------------|-------------------|-------------------|--------------------|--------------------|
| | <u>Market</u> | <u>Cost</u> | <u>Market</u> | <u>Cost</u> |
| Cash and cash equivalents | \$ 25,274 | \$ 25,274 | \$ 16,371 | \$ 16,371 |
| Mutual Funds - Equity | 284,865 | 295,000 | 290,734 | 295,000 |
| Mutual Funds - Fixed income | 82,338 | 90,000 | 83,914 | 90,000 |
| | <u>\$ 392,477</u> | <u>\$ 410,274</u> | <u>\$ 391,019</u> | <u>\$ 401,371</u> |
| | | | | |
| | | | <u>2012</u> | <u>2011</u> |
| Market value | | | \$ 392,477 | \$ 391,019 |
| Cost | | | <u>410,274</u> | <u>401,371</u> |
| | | | | |
| Unrealized gain (loss) | | | <u>\$ (17,797)</u> | <u>\$ (10,352)</u> |
| | | | | |
| Investment income | | | \$ 12,715 | \$ 12,336 |
| Interest income | | | 938 | 1,628 |
| | | | | |
| Investment fees | | | <u>(3,812)</u> | <u>(4,002)</u> |
| Realized net investment income | | | <u>\$ 9,841</u> | <u>\$ 9,962</u> |

4) PROPERTY, BUILDING AND EQUIPMENT:

Property, building and equipment consist of the following at June 30, 2012 and 2011:

| | <u>2012</u> | <u>2011</u> |
|---------------------------------|---------------------|---------------------|
| Land | \$ 240,000 | \$ 240,000 |
| Building and improvements | 839,364 | 836,974 |
| Furniture, fixtures + equipment | 104,597 | 106,999 |
| | <u>\$ 1,183,961</u> | <u>\$ 1,183,973</u> |
| | | |
| Less: Accumulated depreciation | <u>(479,585)</u> | <u>(445,269)</u> |
| | <u>\$ 704,376</u> | <u>\$ 738,704</u> |

(5) LEASING ARRANGEMENTS:

The Organization leases office space and land to unrelated third parties under operating leases expiring October, 2014 and July, 2015, respectively. Minimum future rentals to be received for the years ending June 30 under the leases are as follows:

| | |
|------------|------------------|
| 2013 | \$ 59,808 |
| 2014 | 20,936 |
| Thereafter | 125 |
| | <u>\$ 80,869</u> |

(6) TEMPORARILY RESTRICTED NET ASSETS:

Temporary restricted net assets are available for the following purposes:

| | <u>2012</u> | <u>2011</u> |
|---------------------|-------------------|-------------------|
| KidSight Outreach | \$ 139,121 | \$ 119,853 |
| Screening equipment | 11,298 | 16,519 |
| Endowment transfer | 294 | -0- |
| Disaster relief | -0- | 364 |
| | <u>\$ 150,713</u> | <u>\$ 136,736</u> |

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

| | <u>2012</u> | <u>2011</u> |
|---------------------|-------------------|-------------------|
| KidSight Outreach | \$ 126,270 | \$ 165,938 |
| Screening equipment | 21,617 | 5,409 |
| Disaster relief | 364 | 49,708 |
| | <u>\$ 148,251</u> | <u>\$ 221,055</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. The following sources contributed more than 10% of total revenues, gains, and other support:

| | <u>2012</u> | <u>2011</u> |
|---------|-------------|-------------|
| Grant A | 33% | 34% |

(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, 2012 and 2011 amounted to \$20,600 and \$15,900.

During the years ended June 30, 2012 and 2011, \$2,225 and \$247,700 were transferred to this fund. Additional designated donations of \$2,525 and \$5,789 (net of donor recognition expenses of \$6 and \$361) were also received.

(9) PRIOR PERIOD ADJUSTMENT:

During the year ended June 30, 2012, management re-evaluated the basis upon which it recognized income from the receipt of certain grants, and accordingly, unrestricted net assets were increased by \$164,812 and \$118,402 as of June 30, 2011 and 2010, respectively. The financial statements for the year ended June 30, 2011 have been restated to give effect to this change.