

*Financial Statements*

**Lakeland Volunteers In Medicine, Inc.**

Year Ended December 31, 2014

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**LAKELAND VOLUNTEERS IN MEDICINE, INC.**

**YEAR ENDED DECEMBER 31, 2014**

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**TABLE OF CONTENTS**

	<b><u>PAGE NUMBER</u></b>
Independent Auditor's Report	1
Statement Of Financial Position	2
Statement Of Activities	3
Statement Of Functional Expenses	4
Statement Of Cash Flows	5
Notes To Financial Statements	6-9

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Lakeland Volunteers In Medicine, Inc.

I have audited the accompanying financial statements of Lakeland Volunteers In Medicine, Inc., which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit 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 evaluating 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 Lakeland Volunteers In Medicine, Inc. as of December 31, 2014, 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.



Lakeland, Florida  
March 13, 2015

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2014**

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**ASSETS**

Cash	\$ 195,028
Promises to give	310,275
Supplies	24,351
Prepaid insurance	7,555
Deposits	2,856
Property and equipment, net of accumulated depreciation	1,872,313
Beneficial interest in assets held by others	<u>1,532,914</u>
Total assets	<u>\$ 3,945,292</u>

**LIABILITIES AND NET ASSETS**

Accounts payable	\$ 36,626
Accrued expenses	13,092
Deferred revenue	<u>18,000</u>
Total liabilities	67,718
Net assets:	
Unrestricted	<u>3,877,574</u>
Total net assets	<u>3,877,574</u>
Total liabilities and net assets	<u>\$ 3,945,292</u>

Read accompanying notes to financial statements.

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2014**

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**REVENUE, GAINS**

**AND OTHER SUPPORT:**

Contributions	\$ 2,426,295
Grants	719,927
Event income	217,485
Investment income	59,728
Rent income	35,833
Miscellaneous income	<u>5,600</u>

Total revenues, gains and other support	<u>3,464,868</u>
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**EXPENSES**

Program services	2,668,888
Management and general	86,322
Fund raising	<u>320,620</u>

Total expenses and losses	<u>3,075,830</u>
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Change in unrestricted net assets	389,038
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<b>NET ASSETS, December 31, 2013</b>	<u>3,488,536</u>
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<b>NET ASSETS, December 31, 2014</b>	<u><u>\$ 3,877,574</u></u>
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Read accompanying notes to financial statements.

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2014**

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Advertising	\$ 1,375	\$ -	\$ 118,346	\$ 119,721
Bank charges	1,266	1,406	333	3,005
Depreciation	105,324	3,700	7,908	116,932
Drugs and medications	48,183	-	-	48,183
Dues and publications	-	410	3,623	4,033
Insurance	76,997	6,955	15,400	99,352
Licenses and permits	670	270	350	1,290
Medical supplies	18,490	-	-	18,490
Office supplies	8,606	611	-	9,217
Postage and delivery	5,186	-	4,244	9,430
Outside lab fees	89,335	-	-	89,335
Payroll and related taxes	390,313	46,789	75,019	512,121
Printing and reproduction	12,313	401	4,810	17,524
Professional fees	1,773,167	15,110	4,410	1,792,687
Repairs and maintenance	62,230	2,851	12,800	77,881
Supplies	15,056	-	2,990	18,046
Telephone	15,309	719	5,103	21,131
Travel and entertainment	4,220	-	64,904	69,124
Uniforms and laundry	2,468	-	-	2,468
Utilities	38,380	7,100	380	45,860
	<u>38,380</u>	<u>7,100</u>	<u>380</u>	<u>45,860</u>
Total expenses	<u>\$ 2,668,888</u>	<u>\$ 86,322</u>	<u>\$ 320,620</u>	<u>\$ 3,075,830</u>

Read accompanying notes to financial statements.

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2014**

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**CASH FLOWS FROM OPERATING ACTIVITIES:**

Change in net assets	\$ 389,038
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	116,932
Net realized and unrealized gain on investments	(46,600)
Increase in promises to give	(241,725)
Increase in supplies	(5,389)
Decrease in prepaid insurance	15,112
Decrease in accounts payable	(10,760)
Increase in accrued expenses	2,456
Decrease in deferred revenue	(34,500)
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Net cash provided by operating activities	184,564

**CASH PROVIDED BY INVESTING ACTIVITIES:**

Reinvestment of interest and dividend income	(26,465)
Other additions to beneficial interests held by others	(41,663)
Purchases of equipment	(103,887)
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Net cash provided by investing activities	(172,015)

**NET INCREASE IN CASH** 12,549

**CASH, December 31, 2013** 

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182,479

**CASH, December 31, 2014** 

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\$ 195,028

**SUPPLEMENTAL DATA:**

Income taxes paid	\$ -
Interest paid	-

Read accompanying notes to financial statements.

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization: Lakeland Volunteers In Medicine, Inc. (the "Organization") is a tax-exempt, publicly-supported, volunteer-run organization formed and existing exclusively to provide a free medical clinic for the working uninsured of Lakeland, Florida. The Organization's primary sources of funding are contributions and grants.

Basis of Accounting: The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation: The Organization has adopted the Statement of Financial Accounting Standard, *Not-for-Profit Entities, presentation of financial statements*. Under this standard, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization had no permanently or temporarily restricted net assets at December 31, 2014.

Use of Estimates: The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash: Cash consists of a checking account from which the Organization operates.

Promises to Give: A majority of the contributions to the Organization are received from donors in the Lakeland, Florida area. 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 receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. Promises to give are written off when an account is no longer deemed collectible. At December 31, 2014, promises to give were deemed fully collectible.

Supplies: Supplies consist of various medical products including pharmaceutical items. Supplies are recorded at cost (first-in, first-out) or market.

Property and Equipment: Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. The Organization capitalizes asset acquisitions exceeding \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the respective assets.

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**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities, if any, are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support in the statement of activities.

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Promises to give that are scheduled to be received in future periods, or which are restricted by the donor to a specific purpose that has not been met as of the end of the fiscal year, are shown as increases in temporarily restricted or permanently restricted net assets, depending on the nature of the contribution. The revenue is reclassified to unrestricted net assets when the time or purpose restrictions are met.

Contributed Services: In 2014, the value of contributed professional medical services meeting the requirements for recognition in the financial statements was \$1,717,894. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization. Those contributions do not meet the requirements for recognition in the financial statements and are not recorded.

Functional Expenses: The costs of providing various services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting service benefitted.

Advertising: The Organization expenses advertising costs as incurred. Advertising costs for the year ended December 31, 2014 were \$119,721, of that \$119,165 was in-kind.

Income Taxes: The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Although organizations under Section 501(c)(3) pay no tax on their exempt function income, they can be liable for business tax on income they earn from activities not related to their exempt purpose. For the year ended December 31, 2014, the Organization engaged in no activities that were not related to its exempt purpose. The Organization's annual information return filed with the Internal Revenue Service is typically subject to examination for three years from the date of filing. Open tax years are those after 2011.

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Value of Financial Instruments: The Organization's financial statements, which include cash, promises to give, deposits, beneficial interest in assets held by others, accounts payable and accrued expenses approximate fair values at December 31, 2014.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2014 to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year ended December 31, 2014. Management has performed its analysis through March 13, 2015.

**NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

The Organization established the Lakeland Volunteers in Medicine, Inc. Fund (the Fund) within GiveWell Community Foundation, Inc. (Community Foundation). The Fund was established as an unrestricted agency fund of the Community Foundation in order to provide support to the Organization to carry out its role and mission in the greater Lakeland area.

The assets in the Fund are pooled with assets of other such funds maintained and managed by the Community Foundation. The Fund's prorated portion of realized and unrealized gains and losses incurred and interest and dividends earned are included in the accompanying statement of activities.

The beneficial interest in assets held by others is exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Organization.

The components of investment return for the year ended December 31, 2014 are as follows:

Investment income from interest and dividends	\$ 26,465
Investment fees	(13,337)
Net realized gain	24,313
Net unrealized gain	<u>22,287</u>
Total	<u>\$ 59,728</u>

**LAKELAND VOLUNTEERS IN MEDICINE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consists of:

Land	\$ 346,500
Building and improvements	2,087,358
Medical equipment	353,150
Office furniture and equipment	72,836
Computer hardware and software	<u>214,563</u>
	3,074,407
Less accumulated depreciation	<u>1,202,094</u>
Net property and equipment	<u>\$ 1,872,313</u>

Most of the Organization's facilities on the second floor are leased to United Way of Central Florida, Inc. under a noncancellable agreement that expires February 2016. The lease agreement also contains a one-year renewal option. United Way uses the premises for family counseling services and related activities. Future minimum rentals on the noncancellable lease by year and in the aggregate at December 31, 2014 are as follows:

Year ending December 31,	
2015	\$ 36,000
2016	<u>6,000</u>
Total	<u>\$ 42,000</u>

The cost and accumulated depreciation of the rented portion of the building are presented below:

Building and improvements	\$ 1,038,606
Less accumulated depreciation	<u>306,844</u>
Net building and improvements	<u>\$ 731,762</u>

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