

Financial Statements

Lakeland Volunteers In Medicine, Inc.

Year Ended December 31, 2015

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LAKELAND VOLUNTEERS IN MEDICINE, INC.

YEAR ENDED DECEMBER 31, 2015

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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, 2015, 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, 2015, 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.

David R. Ramos, CPA

Lakeland, Florida
April 4, 2016

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2015

ASSETS

Cash	\$ 286,323
Promises to give	105,296
Supplies	66,389
Prepaid insurance	11,820
Deposits	2,856
Property and equipment, net of accumulated depreciation	1,894,105
Beneficial interest in assets held by others	<u>1,507,251</u>
Total assets	<u><u>\$ 3,874,040</u></u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 18,826
Accrued expenses	12,884
Deferred revenue	<u>19,000</u>
Total liabilities	50,710
Net assets:	
Unrestricted	<u>3,823,330</u>
Total net assets	<u>3,823,330</u>
Total liabilities and net assets	<u><u>\$ 3,874,040</u></u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

REVENUE, GAINS

AND OTHER SUPPORT:

Contributions	\$ 1,083,619
Grants	575,500
Event income	253,411
Investment income	(25,663)
Rent income	41,600

Total revenues, gains and other support	<u>1,928,467</u>
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EXPENSES

Program services	1,653,853
Management and general	78,971
Fund raising	249,887

Total expenses and losses	<u>1,982,711</u>
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Change in unrestricted net assets	(54,244)
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NET ASSETS, December 31, 2014	<u>3,877,574</u>
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NET ASSETS, December 31, 2015	<u><u>\$ 3,823,330</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, 2015

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Advertising	\$ 1,400	\$ -	\$ 62,095	\$ 63,495
Bank charges	1,996	2,233	523	4,752
Contributions	4,000	-	-	4,000
Depreciation	114,443	4,069	8,647	127,159
Drugs and medications	20,788	-	-	20,788
Dues and publications	-	240	2,137	2,377
Insurance	57,902	5,264	12,032	75,198
Licenses and permits	367	147	191	705
Medical supplies	22,182	-	-	22,182
Office supplies	11,424	710	-	12,134
Postage and delivery	2,350	-	1,923	4,273
Outside lab fees and radiology	54,965	-	-	54,965
Payroll and related taxes	381,996	47,616	87,055	516,667
Printing and reproduction	11,507	375	4,495	16,377
Professional fees	816,831	6,960	2,032	825,823
Repairs and maintenance	71,669	3,284	14,747	89,700
Supplies	23,101	-	4,588	27,689
Telephone	11,895	558	3,954	16,407
Travel and entertainment	2,928	-	45,068	47,996
Uniforms and laundry	2,304	-	-	2,304
Utilities	39,805	7,515	400	47,720
	<u>39,805</u>	<u>7,515</u>	<u>400</u>	<u>47,720</u>
Total expenses	<u>\$ 1,653,853</u>	<u>\$ 78,971</u>	<u>\$ 249,887</u>	<u>\$ 1,982,711</u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (54,244)
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Depreciation	127,159
Net realized and unrealized gain on investments	36,766
Decrease in promises to give	204,979
Increase in supplies	(42,038)
Increase in prepaid insurance	(4,265)
Decrease in accounts payable	(17,800)
Decrease in accrued expenses	(208)
Increase in deferred revenue	1,000
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Net cash provided by operating activities	251,349

CASH PROVIDED BY INVESTING ACTIVITIES:

Reinvestment of interest and dividend income	(11,103)
Purchases of equipment	(148,951)
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Net cash used in investing activities	(160,054)

NET INCREASE IN CASH 91,295

CASH, December 31, 2014

195,028

CASH, December 31, 2015

\$ 286,323

SUPPLEMENTAL DATA:

Income taxes paid	\$ -
Interest paid	-

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2015.

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, 2015, 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.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

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 2015, the value of contributed professional medical services meeting the requirements for recognition in the financial statements was \$741,150. 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, 2015 were \$63,495, of which \$62,995 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, 2015, the Organization engaged in no activities that were not related to its exempt purpose.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2015.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2015 to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year ended December 31, 2015. Management has performed its analysis through April 4, 2016.

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, 2015 are as follows:

Investment income from interest and dividends	\$ 24,395
Investment fees	(13,292)
Net realized gain	10,929
Net unrealized gain (loss)	<u>(47,695)</u>
Total	<u>\$ (25,663)</u>

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

The Organization adheres to Financial Accounting Standards Board Accounting Standards codification, *Fair Value Measurements and Disclosures*, which defines fair value as the price that should be received for an asset or paid to transfer a liability (an exit price) in the Organization's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

The standard establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels or inputs that may be used to measure fair value.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Organization's Level 3 financial assets consist of the beneficial interest held at GiveWell Community Foundation, Inc. They are measured with a valuation technique utilizing market prices at the close of the last business day for the statement period provided by the Foundation.

The fair value of the beneficial interest held at GiveWell Community Foundation, Inc. is reported below:

Level 3

December 31, 2014	\$ 1,532,914
Investment return	<u>(25,663)</u>
December 31, 2015	<u>\$ 1,507,251</u>

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment consists of:

Land	\$ 346,500
Building and improvements	2,118,683
Medical equipment	444,756
Office furniture and equipment	76,109
Computer hardware and software	<u>237,310</u>
	3,223,358
Less accumulated depreciation	<u>1,329,253</u>
Net property and equipment	<u>\$ 1,894,105</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 2017. United Way uses the premises for family counseling services and related activities. Future minimum rentals on the noncancellable lease by year end in the aggregate at December 31, 2015 are as follows:

Year ending December 31,

2016	\$ 37,670
2017	<u>6,334</u>
Total	<u>\$ 44,004</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>372,833</u>
Net building and improvements	<u>\$ 665,773</u>
