

Financial Statements

Lakeland Volunteers In Medicine, Inc.

Year Ended December 31, 2018

THIS PAGE INTENTIONALLY LEFT BLANK.

LAKELAND VOLUNTEERS IN MEDICINE, INC.

YEAR ENDED DECEMBER 31, 2018

TABLE OF CONTENTS

	<u>PAGE NUMBER</u>
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	6-11

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, 2018, 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, 2018, 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
April 5, 2019

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2018

ASSETS

Cash	\$ 2,600,565
Promises to give	138,000
Inventory	39,437
Prepaid insurance	20,005
Deposits	2,856
Property and equipment, net of accumulated depreciation	3,298,176
Beneficial interest in assets held by others	<u>1,587,570</u>
Total assets	<u>\$ 7,686,609</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 38,862
Accrued expenses	47,753
Deferred revenue	<u>4,034</u>
Total liabilities	90,649
Net assets:	
Without donor restrictions	7,522,811
With donor restrictions	<u>73,149</u>
Total net assets	<u>7,595,960</u>
Total liabilities and net assets	<u>\$ 7,686,609</u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 1,962,879	\$ 1,172,900	\$ 3,135,779
Grants	1,014,582	146,297	1,160,879
Event income	355,509	-	355,509
Investment income	(88,416)	-	(88,416)
Interest earned on cash	23,344	-	23,344
Rent income	47,983	-	47,983
Gain of disposal of assets	1,732,727	-	1,732,727
Net assets released from restrictions	1,246,048	(1,246,048)	-
 Total revenues, gains and other support	 6,294,656	 73,149	 6,367,805
EXPENSES			
Program services	2,005,732	-	2,005,732
Management and general	90,044	-	90,044
Fund raising	521,319	-	521,319
 Total expenses	 2,617,095	 -	 2,617,095
 Change in net assets	 3,677,561	 73,149	 3,750,710
 NET ASSETS, December 31, 2017	 3,845,250	 -	 3,845,250
 NET ASSETS, December 31, 2018	 \$ 7,522,811	 \$ 73,149	 \$ 7,595,960

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2018

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Advertising	\$ 486	\$ -	\$ 95,490	\$ 95,976
Bank charges	1,880	805	2,764	5,449
Depreciation	120,840	4,028	9,399	134,267
Drugs and medications	62,726	-	-	62,726
Dues and publications	1,000	225	4,267	5,492
Insurance	106,102	4,173	32,642	142,917
Licenses, permits and taxes	4,336	211	306	4,853
Medical supplies	75,617	-	-	75,617
Office supplies	4,450	247	247	4,944
Postage and delivery	1,667	-	1,364	3,031
Outside lab fees, medical services and radiology	106,059	-	-	106,059
Payroll and related expenses	1,191,837	33,182	227,187	1,452,206
Printing and reproduction	14,124	5,448	605	20,177
Professional fees	-	28,014	58,359	86,373
Rent	54,000	1,800	4,200	60,000
Repairs and maintenance	181,091	6,860	4,733	192,684
Supplies	14,675	2,662	-	17,337
Telephone	17,855	702	5,493	24,050
Travel and entertainment	2,535	-	61,068	63,603
Uniforms and laundry	1,567	-	-	1,567
Utilities	42,885	1,687	13,195	57,767
Total expenses	<u>\$ 2,005,732</u>	<u>\$ 90,044</u>	<u>\$ 521,319</u>	<u>\$ 2,617,095</u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 3,750,710
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	134,267
In-kind contribution of new facility costs	(1,005,000)
Gain from disposal of assets	(1,732,727)
Net realized and unrealized loss on investments	123,292
Increase in promises to give	(71,679)
Decrease in inventory	6,051
Decrease in prepaid insurance	49
Decrease in accounts payable	(108,146)
Increase in accrued expenses	19,585
Decrease in deferred revenue	(3,616)
	<hr/>
Net cash used in operating activities	1,112,786

CASH PROVIDED BY INVESTING ACTIVITIES:

Purchases of investments and reinvestments	(45,012)
Proceeds from the sale of property	3,200,000
Purchases of property and equipment	(2,073,635)
	<hr/>
Net cash provided by investing activities	1,081,353

NET INCREASE IN CASH 2,194,139

CASH, December 31, 2017

406,426

CASH, December 31, 2018

\$ 2,600,565

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: Financial statement presentation follows the recommendation of the Financial Accounting Standard Board (FASB) in its Accounting Standards Codification (FASB ASC) No. 958, *Financial Statements of Not-for-Profit Organizations*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets with donor restrictions can be further segregated between temporary and permanent restrictions.

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. Cash exceeds FDIC-insured amounts at various times throughout the year.

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, 2018, promises to give were deemed fully collectible.

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 and are recognized when such assets are received. The Organization capitalizes asset acquisitions exceeding \$1,000. Depreciation includes amortization and 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)

Inventory: Inventory consists of various medical products including pharmaceutical items. Inventory is recorded at cost (first-in, first-out) or market.

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.

Revenues from exchange transactions are recognized when the services are rendered. A receivable is recognized by the Organization for outstanding invoices.

Contributed Services and Facilities: In 2018, the value of contributed professional medical services meeting the requirements for recognition in the financial statements was \$447,287. Donors also contributed other professional services (such as advertising) valued at \$136,973. The facilities from which the Organization operated were essentially donated for six months, the value of which was \$60,000. 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, however, 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. In 2018, \$95,490 of such costs resulted from in-kind contributions.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2018, the Organization engaged in no activities that were not related to its exempt purpose.

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, 2018.

Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2018 to determine the need for any adjustments to and/or disclosures within the reviewed financial statements for the year ended December 31, 2018. Management has performed its analysis through April 5, 2019.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

Cash and cash equivalents	<u>\$2,600,565</u>
---------------------------	--------------------

As part of the Organization's liquidity management plan, cash that exceeds the Organization's expected short-term requirements is invested at GiveWell Community Foundation, Inc.

NOTE 3 - 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.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

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, 2018 are as follows:

Investment income from interest and dividends	\$ 49,220
Investment fees	(14,344)
Net realized gain	22,379
Net unrealized gain (loss)	<u>(145,671)</u>
Total	<u>\$ (88,416)</u>

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.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

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:

<u>Level 3</u>	
December 31, 2017	\$ 1,665,850
Transfer of cash to the account	10,136
Investment return	<u>(88,416)</u>
December 31, 2018	<u>\$ 1,587,570</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of:

Land	\$ 1,610,978
Construction in progress	1,658,109
Medical equipment	407,746
Office furniture and equipment	61,109
Computer hardware and software	<u>142,671</u>
	3,880,613
Less accumulated depreciation	<u>582,437</u>
Net property and equipment	<u>\$ 3,298,176</u>

In June 2018, the Organization sold its facility and acquired land on which its new facility is being built. Construction of the new facility began shortly thereafter and management expects to relocate operations to the new location in mid-2019. Meanwhile, the Organization continues to operate from and is temporarily leasing the facility it sold.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - NET ASSETS RESTRICTED BY DONORS

Of the net assets at December 31, 2018, \$73,149 was time-restricted by donors for use with specific health programs.

NOTE 6 - ECONOMIC DEPENDENCE

The Organization received 33% of its total revenue, gains and other support from three donors during 2018.

NOTE 7 - SIMPLE IRA PLAN

The Organization offers a Simple IRA plan to substantially all its employees who earned at least \$5,000 per year. For employees electing to participate, the Organization matches their contribution in an amount up to 3% of the participant's compensation. Employer contributions for 2018 totaled \$1,773.