

Financial Statements

Lakeland Volunteers In Medicine, Inc.

Year Ended December 31, 2020

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LAKELAND VOLUNTEERS IN MEDICINE, INC.

YEAR ENDED DECEMBER 31, 2020

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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., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2020, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am required to be independent of Lakeland Volunteers In Medicine, Inc. and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeland Volunteers In Medicine, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether do to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detecting material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher for one resulting from error, as fraud may involve collusion, forgery, intentional or omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by if reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in these circumstances, but not for the purpose of expressing an opinion on the effectiveness of Lakeland Volunteers In Medicine, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lakeland Volunteers In Medicine, Inc.'s ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

David R. Ramos, CPA

Lakeland, Florida
April 14, 2021

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

ASSETS

Cash	\$ 392,711
Promises to give	42,144
Inventory	46,616
Prepaid insurance	32,824
Deposits	8,858
Property and equipment, net of accumulated depreciation	5,472,002
Beneficial interest in assets held by others	<u>1,959,690</u>
Total assets	<u>\$ 7,954,845</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 18,302
Accrued expenses	44,894
Deferred support	<u>1,000</u>
Total liabilities	64,196
Net assets:	
Without donor restrictions	7,853,130
With donor restrictions	<u>37,519</u>
Total net assets	<u>7,890,649</u>
Total liabilities and net assets	<u>\$ 7,954,845</u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 1,037,258	\$ -	\$ 1,037,258
Grants	1,481,590	80,000	1,561,590
Event income	228,639	-	228,639
Investment income	211,572	-	211,572
Net assets released from restrictions	98,561	(98,561)	-
 Total revenues, gains and other support	 3,057,620	 (18,561)	 3,039,059
EXPENSES			
Program services	2,589,755	-	2,589,755
Management and general	155,054	-	155,054
Fund raising	184,274	-	184,274
 Total expenses	 2,929,083	 -	 2,929,083
 Change in net assets	 128,537	 (18,561)	 109,976
 NET ASSETS, December 31, 2019	 7,724,593	 56,080	 7,780,673
 NET ASSETS, December 31, 2020	 \$ 7,853,130	 \$ 37,519	 \$ 7,890,649

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>PROGRAM</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUND RAISING</u>	<u>TOTAL</u>
Advertising	\$ 550	\$ 3,323	\$ 20,900	\$ 24,773
Bank charges	2,040	97	-	2,137
Depreciation	174,051	-	-	174,051
Drugs and medications	524,889	-	-	524,889
Dues and publications	1,574	2,315	199	4,088
Equipment disposal	135,984	-	-	135,984
Insurance	120,674	3,979	4,691	129,344
Licenses, permits and taxes	1,094	-	350	1,444
Medical supplies	38,612	-	-	38,612
Office supplies	17,127	1,310	600	19,037
Postage and delivery	2,027	327	433	2,787
Outside lab fees, medical services and radiology	109,705	-	-	109,705
Payroll and related expenses	1,258,800	102,981	138,292	1,500,073
Printing and reproduction	10,432	-	4,632	15,064
Professional fees	26,362	36,324	134	62,820
Repairs and maintenance	91,661	2,476	5,448	99,585
Supplies	6,956	639	8,595	16,190
Telephone	10,625	874	-	11,499
Travel and entertainment	6,050	31	-	6,081
Uniforms and laundry	3,382	-	-	3,382
Utilities	47,160	378	-	47,538
Total expenses	<u>\$ 2,589,755</u>	<u>\$ 155,054</u>	<u>\$ 184,274</u>	<u>\$ 2,929,083</u>

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 109,976
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	174,051
Net realized and unrealized gain on investments	(187,667)
Loss on equipment disposal	135,984
Non-cash equipment additions	(35,241)
Decrease in promises to give	89,102
Increase in inventory	(12,567)
Decrease in prepaid insurance	2,259
Decrease in accounts payable	(17,519)
Decrease in accrued expenses	(22,988)
Decrease in deferred revenue	(23,000)
	212,390
Net cash provided by operating activities	212,390

CASH PROVIDED BY INVESTING ACTIVITIES:

Purchases of investments and reinvestments	(33,977)
Distributions from investments	200,000
Purchases of property and equipment	(91,745)
	74,278
Net cash provided by investing activities	74,278

NET INCREASE IN CASH 286,668

CASH, December 31, 2019 106,043

CASH, December 31, 2020 \$ 392,711

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 Polk County, Florida. The Organization's primary sources of funding are contributions and grants.

Basis of Presentation: The Organization's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, support and revenue, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported in two classes: without donor restrictions and with donor restrictions; 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, 2020, promises to give were deemed fully collectible.

Inventory: Inventory consists of various medical products including pharmaceutical items. Inventory is 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 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)

Revenue Recognition: Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been met. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support without donor restriction in the statement of activities.

Special events revenue is recorded when the event takes place.

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

Contributed Materials and Services: All contributions of property and equipment, materials and professional services received by the Organization have been recorded as donations at their estimated value at the date of receipt. These items totaled \$858,172 for the year ended December 31, 2020, and have been included in the statement of financial position as property and equipment or in the statement of activities as both support and expense, respectively. 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.

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, 2020, the Organization engaged in no activities that were unrelated 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, beneficial interest in assets held by others, accounts payable, accrued expenses and deferred support approximate fair values at December 31, 2020.

Management Evaluation: Management has evaluated subsequent events through April 14, 2021, the date the financial statements were available for issuance.

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, total \$2,357,026.

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 Polk County, Florida 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.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

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

The components of investment return for the year ended December 31, 2019 are as follows:

Investment income from interest and dividends	\$ 37,729
Investment fees	(13,824)
Net realized gain	7,378
Net unrealized gain	<u>180,289</u>
Total	\$ <u>211,572</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:

Level 3

December 31, 2019	\$ 1,938,046
Contributions	10,071
Distributions	(200,000)
Investment return	<u>211,573</u>
December 31, 2020	<u>\$ 1,959,690</u>

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of:

Land	\$ 1,647,445
Building and improvements	3,845,237
Medical equipment	336,370
Office furniture and equipment	99,269
Computer hardware and software	<u>56,157</u>
	5,984,478
Less accumulated depreciation	<u>512,476</u>
Net property and equipment	<u>\$ 5,472,002</u>

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - 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% or a maximum of \$3,000 of the participant's compensation, whichever comes first. Employer contributions for 2020 totaled \$17,341.

NOTE 6 - SPECIAL EVENT

The Organization customarily hosts the Swan Derby fund raiser each spring, however, in 2020 the event was canceled due to the COVID-19 pandemic. In anticipation of the event, contributions were made:

Monetary contributions	\$ 206,276
In-kind contributions	<u>22,363</u>
Total	<u>\$ 228,639</u>

Upon the event's cancellation, donors agreed these contributions could be retained by the Organization.

NOTE 7 - PAYROLL PROTECTION LOANS

In March 2020, the Organization received a \$227,134 Payroll Protection Program (PPP) loan made available through the Small Business Administration. The Organization met certain requirements and the loan was forgiven and recognized as a grant in November 2020.

In January 2021, the Organization obtained a second PPP loan for \$240,647. If certain conditions are met, the loan will be forgiven. Otherwise, the loan is unsecured, bears interest at one percent per annum, and is payable monthly beginning May 2022, and matures January 2026.

NOTE 8 - LINE-OF-CREDIT

The Organization has a \$250,000 unsecured revolving line-of-credit with a bank. The interest rate on the note is variable (3.75 APR at December 31, 2020), equal to the prime rate as published in the Wall Street Journal.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - COVID-19

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's donor contributions and revenue, absenteeism in the Organization's labor workforce, and ultimately, its financial viability.