Financial Statements

Lakeland Volunteers In Medicine, Inc.

Year Ended December 31, 2019

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LAKELAND VOLUNTEERS IN MEDICINE, INC.

YEAR ENDED DECEMBER 31, 2019

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David Ramos
Certified Public Accountant

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, 2019, 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, 2019, 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
July 9, 2020

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LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

ASSETS

Cash	$	106,043
Promises to give		186,200
Inventory		34,049
Prepaid insurance		35,083
Deposits		8,858
Property and equipment, net of accumulated depreciation		5,655,051
Beneficial interest in assets held by others		1,938,046
Total assets	$	7,963,330

LIABILITIES AND NET ASSETS

Accounts payable	$	35,821
Accrued expenses		67,882
Total liabilities		103,703
Net assets:		
Without donor restrictions		7,792,334
With donor restrictions		67,293
Total net assets		7,859,627
Total liabilities and net assets	$	7,963,330

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	$ 1,251,696	$ -	$ 1,251,696
Grants	1,181,556	67,293	1,248,849
Event income	417,985	-	417,985
Investment income	350,476	-	350,476
Interest earned on cash	7,088	-	7,088
Rent income	8,067	-	8,067
Net assets released from restrictions	84,362	(84,362)	-
Total revenues, gains and other support	3,301,230	(17,069)	3,284,161
EXPENSES			
Program services	2,374,747	-	2,374,747
Management and general	156,902	-	156,902
Fund raising	473,799	-	473,799
Total expenses	3,005,448	-	3,005,448
Change in net assets	295,782	(17,069)	278,713
NET ASSETS, December 31, 2018, restated	7,428,811	73,149	7,501,960
NET ASSETS, December 31, 2019	$ 7,724,593	$ 56,080	$ 7,780,673

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2019

	PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	TOTAL
Advertising	$ -	$ -	$ 38,995	$ 38,995
Bank charges	1,368	587	1,956	3,911
Depreciation	124,486	4,150	9,682	138,318
Drugs and medications	96,539	-	-	96,539
Dues and publications	1,136	252	4,920	6,308
Insurance	107,251	7,407	24,829	139,487
Licenses, permits and taxes	103	1,463	-	1,566
Medical supplies	59,016	-	-	59,016
Office supplies	22,216	1,234	1,331	24,781
Postage and delivery	1,585	-	1,297	2,882
Outside lab fees, medical services and radiology	148,853	-	-	148,853
Payroll and related expenses	1,588,674	60,972	198,171	1,847,817
Printing and reproduction	12,398	4,782	531	17,711
Professional fees	13,923	60,215	81,235	155,373
Rent	23,067	1,593	5,340	30,000
Repairs and maintenance	101,719	4,743	6,560	113,022
Supplies	16,533	5,873	-	22,406
Telephone	8,232	568	1,906	10,706
Travel and entertainment	-	-	86,777	86,777
Uniforms and laundry	3,290	-	-	3,290
Utilities	44,358	3,063	10,269	57,690
Total expenses	$ 2,374,747	$ 156,902	$ 473,799	$ 3,005,448

Read accompanying notes to financial statements.

LAKELAND VOLUNTEERS IN MEDICINE, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	263,667
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		138,318
Net realized and unrealized gain on investments		(335,755)
Increase in promises to give		(48,200)
Decrease in inventory		5,388
Increase in deposits		(6,002)
Increase in prepaid insurance		(15,078)
Decrease in accounts payable		(3,041)
Increase in accrued expenses		20,129
Decrease in deferred revenue		(4,034)
Net cash used in operating activities		15,392
CASH PROVIDED BY INVESTING ACTIVITIES:		
Purchases of investments and reinvestments		(14,721)
Purchases of property and equipment		(2,495,193)
Net cash provided by investing activities		(2,509,914)
NET INCREASE IN CASH		(2,494,522)
CASH, December 31, 2018		2,600,565
CASH, December 31, 2019	$	106,043

SUPPLEMENTAL DATA:

Income taxes paid	$	-
Interest paid		-

Read accompanying 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.

Adoption of Accounting Principle: The Organization has adopted Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Made (Topic 605)* as management believes the standard improves the usefulness and understandability of the Organization's financial reporting.

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, 2019, promises to give were deemed fully collectible.

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.

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.

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 Services and Facilities: In 2019, the value of contributed professional medical services meeting the requirements for recognition in the financial statements was $750,845. Donors also contributed other professional services (such as advertising and other professional services) valued at $107,406. The facilities from which the Organization operated were essentially donated for three months, the value of which was $30,000. 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 2019, $38,995 of such costs resulted from in-kind contributions.

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, 2019, the Organization engaged in no activities that were unrelated 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, 2019.

Management Evaluation: Management has evaluated subsequent events through July 9, 2020, 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 $155,822.

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.

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.

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	$ 28,902
Investment fees	(14,181)
Net realized gain	6,102
Net unrealized gain	329,653
Total	$ 350,476

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.

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, 2018	$ 1,587,570
Investment return	350,476
December 31, 2019	$ 1,938,046

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consists of:

Land	$ 1,639,945
Building and improvements	3,832,787
Medical equipment	640,123
Office furniture and equipment	87,462
Computer hardware and software	175,489
	6,375,806
Less accumulated depreciation	720,755
Net property and equipment	$ 5,655,051

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% of the participant's compensation. Employer contributions for 2019 totaled $19,933.

NOTE 6 – SPECIAL EVENT

The Organization hosted the Swan Derby fund raiser in April 2019, resulting in financial activity as reported below:

	Monetary	In-kind	Total
Revenue	$ 310,579	$ 107,406	$ 417,985
Expenses	68,047	107,406	175,453
Total	$ 242,532	$ -	$ 242,532

In-kind activity includes advertising and other goods and services.

NOTE 7 – RESTATEMENT

Net assets have been restated at December 31, 2018 due to the adoption of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Made (Topic 605).* Net assets have been reduced by $94,000 and deferred support has been increased by the same amount at that date. This change represents special event revenue that was not to be recognized until the special event occurred.

NOTE 8 – SUBSEQUENT EVENTS

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.

NOTE 8 – SUBSEQUENT EVENTS (Continued)

In April 2020, the Organization acquired a $227,134 Payroll Protection Program loan (PPPL) offered by the U.S. Small Business Administration pursuant to the CARES Act. The loan is unsecured, bears interest at one percent per annum, and is payable monthly beginning October 2020, and matures March 2022. Under Section 1106 of the CARES Act, borrowers are eligible for forgiveness of principal and accrued interest on PPPLs to the extent that the proceeds are used to cover eligible payroll costs, interest costs, rent, and utility costs over the twenty-four-week period after the loan is made as long as the borrower retains its employees and their compensation levels. Certain other criteria also apply.