

**MEDICAL TEAMS INTERNATIONAL**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTAL INFORMATION**

**For the Years Ended September 30, 2018 and 2017**



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For the Years Ended September 30, 2018 and 2017

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Medical Teams International  
Tigard, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of Medical Teams International (a nonprofit organization), which comprise the statements of financial position as of September 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years 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

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we 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, we 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Medical Teams International as of September 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Supplementary and Other Information*

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2019 on our consideration of Medical Teams International's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Medical Teams International's internal control over financial reporting and compliance.

*Jones & Roth, P.C.*

Jones & Roth, P.C.  
Hillsboro, Oregon  
February 19, 2019

## FINANCIAL STATEMENTS

MEDICAL TEAMS INTERNATIONAL  
STATEMENTS OF FINANCIAL POSITION  
September 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 1,093,025	\$ 168,684
Cash and cash equivalents held in foreign countries	<u>688,305</u>	<u>1,136,455</u>
Total cash and cash equivalents	1,781,330	1,305,139
Investments	2,963,742	3,297,365
Receivables and advances	3,752,250	3,758,939
Prepaid expenses	260,098	193,683
Inventories	16,453,873	15,743,476
Property and equipment, net	<u>7,133,748</u>	<u>7,865,322</u>
<b>Total assets</b>	<u>\$ 32,345,041</u>	<u>\$ 32,163,924</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 1,139,167	\$ 636,521
Annuities payable	15,386	21,351
Accrued payroll, vacation, and related liabilities	547,581	564,915
Line of credit	500,000	500,000
Deferred revenue	<u>2,356</u>	<u>231</u>
Total liabilities	<u>2,204,490</u>	<u>1,723,018</u>
<b>Net assets</b>		
Unrestricted - undesignated	25,037,058	25,190,349
Unrestricted - Board-designated operating reserve	<u>881,169</u>	<u>881,169</u>
Total unrestricted net assets	25,918,227	26,071,518
Temporarily restricted	1,844,460	2,063,782
Permanently restricted	<u>2,377,864</u>	<u>2,305,606</u>
Total net assets	<u>30,140,551</u>	<u>30,440,906</u>
<b>Total liabilities and net assets</b>	<u>\$ 32,345,041</u>	<u>\$ 32,163,924</u>

The accompanying notes are an integral part of these statements.

MEDICAL TEAMS INTERNATIONAL  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue and support</b>				
Contributions	\$ 9,765,757	\$ 17,398,489	\$ -	\$ 27,164,246
Gifts in-kind	31,744,248	-	-	31,744,248
Service fees	-	738,384	-	738,384
Investment income	18,693	33,278	187,488	239,459
Other	16,305	81,204	-	97,509
Net assets released from restrictions	<u>18,585,907</u>	<u>(18,470,677)</u>	<u>(115,230)</u>	<u>-</u>
 Total revenue and support	 <u>60,130,910</u>	 <u>(219,322)</u>	 <u>72,258</u>	 <u>59,983,846</u>
<b>Expenses</b>				
Program activities	53,227,801	-	-	53,227,801
Supporting activities:				
Administration	2,291,439	-	-	2,291,439
Resource development	<u>4,764,961</u>	<u>-</u>	<u>-</u>	<u>4,764,961</u>
 Total expenses	 <u>60,284,201</u>	 <u>-</u>	 <u>-</u>	 <u>60,284,201</u>
<b>Change in net assets</b>	(153,291)	(219,322)	72,258	(300,355)
Net assets, beginning of year	<u>26,071,518</u>	<u>2,063,782</u>	<u>2,305,606</u>	<u>30,440,906</u>
Net assets, end of year	<u>\$ 25,918,227</u>	<u>\$ 1,844,460</u>	<u>\$ 2,377,864</u>	<u>\$ 30,140,551</u>

The accompanying notes are an integral part of these statements.

MEDICAL TEAMS INTERNATIONAL  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
<b>Revenue and support</b>				
Contributions	\$ 11,075,662	\$ 15,718,644	\$ -	\$ 26,794,306
Gifts in-kind	35,051,415	-	-	35,051,415
Service fees	-	827,947	-	827,947
Investment income	91,138	30,116	345,593	466,847
Other	18,047	69,858	-	87,905
Net assets released from restrictions	<u>17,625,310</u>	<u>(17,518,958)</u>	<u>(106,352)</u>	<u>-</u>
 Total revenue and support	 <u>63,861,572</u>	 <u>(872,393)</u>	 <u>239,241</u>	 <u>63,228,420</u>
 <b>Expenses</b>				
Program activities	62,821,879	-	-	62,821,879
Supporting activities:				
Administration	2,290,754	-	-	2,290,754
Resource development	<u>4,888,679</u>	<u>-</u>	<u>-</u>	<u>4,888,679</u>
 Total expenses	 <u>70,001,312</u>	 <u>-</u>	 <u>-</u>	 <u>70,001,312</u>
 <b>Change in net assets</b>	 (6,139,740)	 (872,393)	 239,241	 (6,772,892)
 Net assets, beginning of year	 <u>32,211,258</u>	 <u>2,936,175</u>	 <u>2,066,365</u>	 <u>37,213,798</u>
 Net assets, end of year	 <u>\$ 26,071,518</u>	 <u>\$ 2,063,782</u>	 <u>\$ 2,305,606</u>	 <u>\$ 30,440,906</u>

The accompanying notes are an integral part of these statements.



MEDICAL TEAMS INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended September 30, 2018

	Supporting Activities				Total
	Program Activities	Administration	Resource Development	Subtotal	
<b>Salaries and related expenses</b>					
Salaries and related expenses	\$ 9,036,526	\$ 1,184,566	\$ 2,304,580	\$ 3,489,146	\$ 12,525,672
Employee benefits	1,713,243	202,977	454,656	657,633	2,370,876
Payroll taxes	269,468	82,717	178,910	261,627	531,095
	<u>11,019,237</u>	<u>1,470,260</u>	<u>2,938,146</u>	<u>4,408,406</u>	<u>15,427,643</u>
<b>Total salaries and related expenses</b>					
<b>Other expenses</b>					
Professional fees	212,242	104,747	123,935	228,682	440,924
Consultants	565,358	135,296	512,484	647,780	1,213,138
Media and marketing	4,354	28,316	315,402	343,718	348,072
Direct mail	-	-	8,578	8,578	8,578
Program grants and activities	3,329,432	-	-	-	3,329,432
Travel	1,155,222	73,053	111,414	184,467	1,339,689
Supplies	1,627,744	48,088	173,012	221,100	1,848,844
Facilities	1,174,272	27,408	88,099	115,507	1,289,779
Utilities	407,673	59,118	25,726	84,844	492,517
Insurance	220,320	80,746	1,003	81,749	302,069
Equipment	347,584	38,009	82,324	120,333	467,917
Vehicles	944,468	1,006	2,785	3,791	948,259
Other expenses	569,215	128,808	338,351	467,159	1,036,374
Depreciation	622,064	96,584	43,702	140,286	762,350
Gifts in-kind	31,028,616	-	-	-	31,028,616
	<u>42,208,564</u>	<u>821,179</u>	<u>1,826,815</u>	<u>2,647,994</u>	<u>44,856,558</u>
<b>Total other expenses</b>					
<b>Total expenses</b>	<u>\$ 53,227,801</u>	<u>\$ 2,291,439</u>	<u>\$ 4,764,961</u>	<u>\$ 7,056,400</u>	<u>\$ 60,284,201</u>

The accompanying notes are an integral part of these statements.

MEDICAL TEAMS INTERNATIONAL  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended September 30, 2017

	Supporting Activities				Total
	Program Activities	Administration	Resource Development	Subtotal	
<b>Salaries and related expenses</b>					
Salaries and related expenses	\$ 8,797,943	\$ 1,248,619	\$ 2,327,947	\$ 3,576,566	\$ 12,374,509
Employee benefits	1,541,946	163,354	439,534	602,888	2,144,834
Payroll taxes	294,116	89,260	184,915	274,175	568,291
	<u>10,634,005</u>	<u>1,501,233</u>	<u>2,952,396</u>	<u>4,453,629</u>	<u>15,087,634</u>
<b>Total salaries and related expenses</b>					
<b>Other expenses</b>					
Professional fees	546,816	124,335	180,505	304,840	851,656
Consultants	176,032	91,961	463,651	555,612	731,644
Media and marketing	29,209	721	299,617	300,338	329,547
Direct mail	-	-	6,808	6,808	6,808
Program grants and activities	2,603,216	215	-	215	2,603,431
Travel	1,101,190	84,322	133,942	218,264	1,319,454
Supplies	2,628,557	23,474	173,169	196,643	2,825,200
Facilities	1,171,656	30,658	80,969	111,627	1,283,283
Utilities	442,388	75,422	34,982	110,404	552,792
Insurance	247,660	83,926	1,001	84,927	332,587
Equipment	585,025	59,045	118,168	177,213	762,238
Vehicles	758,528	990	5,176	6,166	764,694
Other expenses	504,498	113,216	383,753	496,969	1,001,467
Depreciation	638,786	101,236	54,542	155,778	794,564
Gifts in-kind	40,754,313	-	-	-	40,754,313
	<u>52,187,874</u>	<u>789,521</u>	<u>1,936,283</u>	<u>2,725,804</u>	<u>54,913,678</u>
<b>Total other expenses</b>					
<b>Total expenses</b>	<u>\$ 62,821,879</u>	<u>\$ 2,290,754</u>	<u>\$ 4,888,679</u>	<u>\$ 7,179,433</u>	<u>\$ 70,001,312</u>

The accompanying notes are an integral part of these statements.

MEDICAL TEAMS INTERNATIONAL  
STATEMENTS OF CASH FLOWS  
For the Years Ended September 30, 2018 and 2017

	2018	2017
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (300,355)	\$ (6,772,892)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	762,350	794,564
Loss on disposal of property and equipment	55,704	111,627
Gain on sale of investments	(410)	(1,172)
Unrealized gain on investments	(99,639)	(323,870)
Donated investments	(121,564)	(113,296)
Change in inventories	(710,397)	5,509,425
(Increase) decrease in:		
Receivables and advances	6,689	14,023
Prepaid expenses	(66,415)	52,076
Increase (decrease) in:		
Accounts payable	502,646	56,725
Annuities payable	(5,965)	(7,650)
Accrued payroll, vacation, and related liabilities	(17,334)	25,195
Deferred revenue	2,125	(13,090)
Net cash provided (used) by operating activities	7,435	(668,335)
<b>Cash flows from investing activities</b>		
Proceeds from sale of investments	555,236	878,376
Proceeds from sale of property and equipment	38,725	278,298
Acquisition of property and equipment	(125,205)	(632,176)
Net cash provided by investing activities	468,756	524,498
<b>Cash flows from financing activities</b>		
Advances on line of credit	-	250,000
<b>Net increase in cash and cash equivalents</b>	476,191	106,163
Cash and cash equivalents, beginning of year	1,305,139	1,198,976
Cash and cash equivalents, end of year	\$ 1,781,330	\$ 1,305,139

The accompanying notes are an integral part of these statements.

## MEDICAL TEAMS INTERNATIONAL NOTES TO FINANCIAL STATEMENTS

### 1. Organization

Founded in 1979, Medical Teams International (Medical Teams) is a Christian humanitarian relief agency focused on providing life-saving medical care for people in crisis, such as survivors of natural disasters and refugees. We care for the whole person – physical, emotional, social, and spiritual. Daring to love like Jesus, we care for all people – regardless of religion, nationality, sex, or race. We believe every person, no matter where they are or how desperate their situation, matters.

Medical Teams responds to disasters and protracted emergencies around the world where the needs are urgent, where we have access, and when resources are available.

We provide direct medical care to people who have been impacted by emergencies and conflict and have limited or no access to life-saving care. We use professionally trained volunteers and staff to operate fixed or mobile health centers. In the U.S., we provide free dental care services to people with no access to dental care through our mobile dental program.

We work directly with health facilities to improve and strengthen the quality of medical services being provided. In many cases, this involves training of health care professionals and seeking to improve access and management of medicines and medical supplies.

We work in partnership with communities, especially with women and children, to empower them to manage and promote their own health as well as reduce preventable diseases and ensure sustainability and well-being long after we leave.

### 2. Significant Accounting Policies

#### Basis of Accounting and Presentation

The accompanying financial statements include the accounts of all Medical Teams field offices and have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Net assets, revenue, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of Medical Teams and changes therein are classified and reported as follows:

*Unrestricted net assets* reflect the cumulative effect of net activity absent donor-imposed restrictions.

*Temporarily restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that either expire by the passage of time or can be fulfilled and removed by actions of Medical Teams pursuant to these stipulations. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restriction.

*Permanently restricted net assets* result from contributions whose use is limited by donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled or otherwise removed by Medical Teams' actions.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**2. Significant Accounting Policies, continued**

**Cash and Cash Equivalents**

For purposes of financial statement classification, Medical Teams considers all unrestricted, highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Promises to Give**

Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

**Allowance for Uncollectable Promises to Give**

Management periodically reviews the collectability of promises to give and, based on this analysis, determines an appropriate allowance for uncollectable promises. Accounts are charged-off when all collection efforts have been exhausted.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, at the approximate fair market value at the date of donation. It is Medical Teams' policy to capitalize expenditures for items that are more than \$5,000 and have a useful life of more than one year. The recorded value of equipment and other capital assets used in overseas programs is expensed as incurred where Medical Teams does not retain the title. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets as follows:

Vehicles, including mobile dental units	5 - 10 years
Office equipment and furniture	3 - 5 years
Buildings and land improvements	7 - 30 years

**Donated Property and Equipment**

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, Medical Teams reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Medical Teams reclassifies temporarily restricted net assets to unrestricted net assets at that time.

**Donated Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation.

## MEDICAL TEAMS INTERNATIONAL NOTES TO FINANCIAL STATEMENTS

### 2. Significant Accounting Policies, continued

#### **Donated Services**

Medical Teams receives the benefit of donated services that are recognized if the services received create or enhance nonfinancial assets or require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

#### **Restricted and Unrestricted Revenue and Support**

Contributions and grants received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor-imposed restrictions. When projects are completed and restricted contribution funds remain, every effort is made to use the excess funds in like or similar projects, upon approval of the Board of Directors (the Board).

#### **Endowment Fund Policy**

The Board of Directors has established guidelines for the Endowment Fund in seeking preservation of the assets, growth of the assets, and consistency of investment returns through both capital appreciation and current income. Medical Teams' policy is to maintain the principal of the fund in perpetuity. The policy allows a percentage of the fair market value of the Endowment Fund, including income earned, to be expended in a given fiscal year as recommended by the Finance Committee and approved by the Board. The percentage shall be determined on a year-to-year basis by the Finance Committee and subsequently approved by the Board.

Medical Teams' endowment investment strategy is to emphasize long-term growth as measured by total return, while avoiding excessive risk. The primary investment objective is to earn a total rate of return from investment assets which shall exceed demands placed on the portfolio to support Medical Teams' spending policy plus the rate of inflation, as measured by the national Consumer Price Index. The total rate of return shall be based on a method that utilizes market value for all marketable investments, such as equity and fixed income securities. The total rate of return shall be calculated to include dividends and interest accrued or received during the period. Calculations should also show realized and unrealized gains and losses. The rate of return should be net of all fees and expenses.

Endowment Fund investments are limited to separately managed accounts, commingled funds, or mutual funds. These include equity investments and fixed income investments.

#### **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated between the program and supporting services benefited. Such allocations are made on the basis of cost accounting information available and the judgment of management.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**2. Significant Accounting Policies, continued**

**Compensated Absences**

Employees are compensated during periods of absence due to sickness or vacation. Medical Teams records this cost as it is earned. Compensation is payable to employees at the time the absence occurs or upon termination of employment. As of September 30, 2018 and 2017, accrued compensated absences were \$308,840 and \$311,768, respectively.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets (including gifts in-kind) and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, support, and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates include the valuation of donated assets, property and equipment, and services. It is reasonably possible that estimates used in the valuation process could change in the near term.

**Annuities Payable**

Annuities payable have been computed using an average discount factor of 5.5 percent and an estimated life expectancy of annuitants based on applicable mortality rates.

**Income Taxes**

Medical Teams is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, Medical Teams qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization that is not a private foundation under Section 509(a)(2). In any year in which Medical Teams has unrelated business gross income of \$1,000 or more, it must file Form 990-T with the Internal Revenue Service (IRS) and may have to pay tax on such income. Medical Teams' Form 990, *Return of Organization Exempt from Income Tax*, is generally subject to examination by the IRS for three years after it was filed.

**3. Cash and Cash Equivalents**

Cash and cash equivalents held in the United States may at times exceed the limits of Federal Deposit Insurance Corporation (FDIC) insurance coverage. Medical Teams makes such deposits with financially strong entities and has not incurred any credit-related losses. Cash and cash equivalents held in foreign countries are not insured and are restricted to use for programs in those countries.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**3. Cash and Cash Equivalents, continued**

As of September 30, Medical Teams' cash and cash equivalents, in United States dollars, consisted of the following:

	<u>2018</u>	<u>2017</u>
Cash and cash equivalents held in the U.S.:		
Checking accounts	\$ 1,079,995	\$ 165,879
Petty cash	12,250	1,950
Cash in foreign currency	779	852
Money markets	<u>1</u>	<u>3</u>
Total cash and cash equivalents held in the U.S.	<u>1,093,025</u>	<u>168,684</u>
Cash and cash equivalents held in foreign countries:		
Uganda	443,307	879,305
Liberia	207,759	143,631
Cambodia	-	16,618
Guatemala	31,607	58,634
Nepal	-	12,373
Haiti	-	8,215
Lebanon	2,561	14,972
Myanmar	-	2,607
Turkey	2,694	100
Tanzania	<u>377</u>	<u>-</u>
Total cash and cash equivalents held in foreign countries	<u>688,305</u>	<u>1,136,455</u>
Total cash and cash equivalents	<u>\$ 1,781,330</u>	<u>\$ 1,305,139</u>

Medical Teams had losses of \$114,009 and \$103,788 from foreign currency transactions for the years ended September 30, 2018 and 2017, respectively. These amounts are included in other expenses.

**4. Investments**

Investments are stated at fair value as determined by quoted market prices and consist of mutual funds that are invested primarily in fixed-income securities of varying maturities at any point in time. Investments in mutual funds include Board-designated investments, reserves, and endowment investments. Investments also include a certificate of deposit with an original maturity in excess of three months.

As of September 30, investments consisted of:

	<u>2018</u>	<u>2017</u>
Mutual funds	<u>\$ 2,963,742</u>	<u>\$ 3,297,365</u>

Investment balances reported above are not guaranteed or covered by insurance.



MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**4. Investments, continued**

Investment income is comprised of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 139,410	\$ 141,805
Realized gain on investments	410	1,172
Unrealized gain on investments	<u>99,639</u>	<u>323,870</u>
Total investment income	<u>\$ 239,459</u>	<u>\$ 466,847</u>

**5. Receivables and Advances**

As of September 30, receivables included unconditional promises to give and consisted of the following:

	<u>2018</u>	<u>2017</u>
Estate gift receivable in less than one year	\$ 1,291,915	\$ 1,500,000
Other pledges receivable in less than one year	1,095,423	1,635,102
Receivable in one to five years	84,975	286,128
Receivable after five years	<u>-</u>	<u>84,975</u>
Total unconditional promises to give	2,472,313	3,506,205
Allowance for uncollectible promises to give	<u>(15,000)</u>	<u>(15,000)</u>
Net unconditional promises to give	2,457,313	3,491,205
Grant receivables	422,801	5,279
Other receivables and advances	<u>872,136</u>	<u>262,455</u>
Total receivables and advances	<u>\$ 3,752,250</u>	<u>\$ 3,758,939</u>

During the year ended September 30, 2017, Medical Teams received notification of the pending estate gift, conservatively estimated to be \$1,500,000, which is included in the 2017 total as noted above. The amount recorded as a receivable was valued using the estimated fair market value of the estate, less expected distributions to other parties, debt payments, and estate expenses. During 2018, Medical Teams received a 50 percent distribution of the estate gift, and updated the receivable to reflect the value of the remaining distribution receivable as of September 30, 2018, which is included in the total as noted above. Medical Teams expects to receive the final estate distribution no later than September 30, 2019.

At September 30, 2018, there were unconditional promises to give from one major donor and an estate that comprised 65 percent of the total net unconditional promises to give. At September 30, 2017, there were unconditional promises to give from two major donors and an estate that comprised 69 percent of total net unconditional promises to give at year end.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**6. Inventories**

As of September 30, inventories consisted of the following:

	<u>2018</u>	<u>2017</u>
Donated items	\$ 16,238,581	\$ 15,539,084
Mobile dental care supplies	<u>215,292</u>	<u>204,392</u>
Total inventories	<u>\$ 16,453,873</u>	<u>\$ 15,743,476</u>

Donated inventories which consist of medical equipment and relief and medical supplies are valued at their estimated fair market value at the date of donation.

**7. Property and Equipment**

As of September 30, property and equipment consisted of the following:

	<u>2018</u>	<u>2017</u>
Vehicles, including mobile dental units	\$ 4,454,455	\$ 4,760,102
Office equipment and furniture	2,664,161	2,620,009
Building and land	8,563,254	8,563,254
Assets held for resale	<u>45,360</u>	<u>45,360</u>
	15,727,230	15,988,725
Accumulated depreciation	<u>(8,593,482)</u>	<u>(8,123,403)</u>
Property and equipment, net	<u>\$ 7,133,748</u>	<u>\$ 7,865,322</u>

**8. Line of Credit**

Medical Teams has a \$500,000 revolving line of credit through U.S. Bank with a maturity date of April 30, 2019. The unpaid principal balance bears interest at an annual rate equal to the prime rate, 5.25 percent and 4.25 percent as of September 30, 2018 and 2017, respectively, and is payable each month, with a final interest payment due with the final payment of principal. The credit line is secured by the general assets of Medical Teams and requires that Medical Teams maintain a tangible net worth at all times in the amount of \$20 million. There was an advance of \$500,000 made on the line of credit as of September 30, 2018 and 2017.

**9. Net Assets Released from Restrictions**

Net assets relating to restricted contributions and grants are released from the temporarily restricted fund to the unrestricted fund when Medical Teams incurs expenses satisfying the restricted purposes or when other events specified by donors occur.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**9. Net Assets Released from Restrictions, continued**

For the year ended September 30, such releases are summarized as follows:

	<u>2018</u>	<u>2017</u>
Satisfaction of international and domestic relief and development projects – temporarily restricted net assets	<u>\$ 18,470,677</u>	<u>\$ 17,518,958</u>
Board-approved use of permanently restricted net assets	<u>\$ 115,230</u>	<u>\$ 106,352</u>

**10. Net Assets**

As of September 30, net assets consisted of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted net assets	\$ 1,449,437	\$ 1,581,552
Board-designated reserve	881,169	881,169
Invested in inventories	16,453,873	15,743,474
Invested in property and equipment, net	<u>7,133,748</u>	<u>7,865,323</u>
Total unrestricted net assets	<u>\$ 25,918,227</u>	<u>\$ 26,071,518</u>

The nature of Medical Teams' activities is such that it is common to have temporarily restricted net asset carryovers when projects funded by long-term grants are carried out over multiple-year periods or when restricted revenue for projects exceeds expenses for those projects during the same fiscal year. Medical Teams is committed to these long-term projects and plans to expend these funds.

	<u>2018</u>	<u>2017</u>
Temporarily restricted net assets:		
Asia projects	\$ 227,428	\$ 149,904
Africa and Middle East projects	1,020,354	895,737
Latin America projects	-	102,474
Other	<u>596,678</u>	<u>915,667</u>
Total temporarily restricted net assets	<u>\$ 1,844,460</u>	<u>\$ 2,063,782</u>
Permanently restricted net assets	<u>\$ 2,377,864</u>	<u>\$ 2,305,606</u>

Permanently restricted net assets consisted of Endowment Fund assets to be held indefinitely totaling \$2,377,864 and \$2,305,606, at September 30, 2018 and 2017, respectively. The income from these assets is used to support Medical Teams' general activities. Income earned and gains and losses on endowment investments are accumulated in permanently restricted revenue and are released upon approval by the Board of Directors to expend a percentage in a given fiscal year.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**11. Gifts In-kind**

Medical Teams receives donations of medical supplies and other commodities for use in relief and development programs. These in-kind donations have been recorded in accordance with ACCORD GIK Interagency Standards, which are consistent with presentation per accounting principles generally accepted in the United States of America. All in-kind donations are recorded at their estimated fair value in the period shipped or designated for program use.

For the years ended September 30, 2018 and 2017, gifts in-kind distributed directly by Medical Teams amounted to \$29,440 and \$3,835,323, respectively. The remaining \$25,323,267 and \$34,562,474, respectively, was distributed to, and in partnership with, other agencies and was delivered to Medical Teams before being distributed.

Medical Teams only records the value of gifts in-kind for which they were the original recipient of the gift, were involved in partnership with another organization for distribution internationally, or used the gifts in their programs.

Medical Teams also receives a significant amount of donated services. The total value of these gifts in-kind included in the accompanying financial statements is \$5,675,909 and \$2,148,356, for the years ended September 30, 2018 and 2017, respectively. During the years ended September 30, 2018 and 2017, Medical Teams also received a significant amount of donated services from other volunteers that are not recognized in the statements of activities because the criteria for recognition under accounting principles generally accepted in the United States of America was not satisfied.

Medical Teams' emergency response and other projects' survival depend upon these contributions. If it were not for gifts in-kind, the purchase of these vital components and the services of these volunteers for its projects would be restricted to the availability of cash funds.

**12. Operating Leases**

Medical Teams leases office equipment under noncancellable operating leases. Medical Teams also leases buildings, equipment, and vehicles under cancellable operating leases or under leases with lease terms expiring within one year. Rent expense under all leases included in the accompanying financial statements totaled \$340,302 and \$402,216 for the years ended September 30, 2018 and 2017, respectively.

The future minimum rental payments required under noncancellable operating leases are as follows:

For the Years Ending September 30,

2019	\$	2,615
2020		2,241
2021		2,241
2022		<u>1,308</u>
Total	\$	<u>8,405</u>

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**13. Retirement Plan**

Medical Teams has established a Safe Harbor 401(k) retirement plan for the benefit of its employees. Employees are eligible to make voluntary salary deferrals to the plan on their date of hire. Employees are eligible for discretionary employer contributions and matching contributions after they have completed 12 months and 1,000 hours of service.

Total retirement plan expense for the years ended September 30, 2018 and 2017, was \$352,264 and \$353,100, respectively.

**14. Concentrations**

During the year ended September 30, 2018, Medical Teams received approximately 12 percent of total revenue from one organization. Medical Teams had no significant revenue concentrations for the year ended September 30, 2017.

**15. Fair Value Measurements**

Medical Teams uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, the fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair value is based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instrument.

FASB ASC 820 provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires the use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

In accordance with FASB ASC 820, Medical Teams groups its financial assets and financial liabilities generally measured at fair value based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

MEDICAL TEAMS INTERNATIONAL  
NOTES TO FINANCIAL STATEMENTS

**15. Fair Value Measurements, continued**

Level 2 – Valuation is based on inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

At September 30, 2018, fair value of assets measured on a recurring basis was as follows:

	Assets at Fair Value as of September 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 2,963,742	\$ -	\$ -	\$ 2,963,742

At September 30, 2017, fair value of assets measured on a recurring basis was as follows:

	Assets at Fair Value as of September 30, 2017			
	Level 1	Level 2	Level 3	Total
Mutual funds	\$ 3,297,365	\$ -	\$ -	\$ 3,297,365

**16. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

SUPPLEMENTAL INFORMATION

MEDICAL TEAMS INTERNATIONAL  
SCHEDULE OF PROGRAM ACTIVITIES  
For the Year Ended September 30, 2018  
(With Comparative Totals for the Year Ended September 30, 2017)

	Africa and Middle East	Asia and Europe	Latin America	United States	General Disaster and Development	Medicines and Health Products	Total Program Activities 2018	Total Program Activities 2017
<b>Salaries and related expenses</b>								
Salaries and related expenses	\$ 5,483,144	\$ 234,487	\$ 400,325	\$ 1,024,723	\$ 1,588,141	\$ 305,706	\$ 9,036,526	\$ 8,797,943
Employee benefits	933,645	18,719	69,182	247,236	352,064	92,397	1,713,243	1,541,946
Payroll taxes	11,207	5,167	-	104,831	119,240	29,023	269,468	294,116
<b>Total salaries and related expenses</b>	<u>6,427,996</u>	<u>258,373</u>	<u>469,507</u>	<u>1,376,790</u>	<u>2,059,445</u>	<u>427,126</u>	<u>11,019,237</u>	<u>10,634,005</u>
<b>Other expenses</b>								
Professional fees	175,474	16,271	493	8,239	8,702	3,063	212,242	546,816
Consultants	146,535	282,982	430	19,107	116,304	-	565,358	176,032
Media and marketing	1,572	708	-	968	1,106	-	4,354	29,209
Program grants and activities	2,641,696	248,534	56,034	114,124	269,044	-	3,329,432	2,603,216
Travel	592,017	290,904	22,519	27,852	209,321	12,609	1,155,222	1,101,190
Supplies	1,349,723	12,830	68,504	148,873	41,561	6,253	1,627,744	2,628,557
Facilities	1,036,837	17,370	20,459	38,231	13,568	47,807	1,174,272	1,171,656
Utilities	222,359	6,224	25,115	63,999	34,486	55,490	407,673	442,388
Insurance	22,622	9,968	5,337	45,883	117,573	18,937	220,320	247,660
Equipment	236,370	13,953	5,574	64,521	18,603	8,563	347,584	585,025
Vehicles	785,027	6,188	20,896	124,813	1,184	6,360	944,468	758,528
Other expenses	250,178	15,552	31,823	16,111	75,273	180,278	569,215	504,498
Depreciation	247,691	3,167	16,264	195,880	62,073	96,989	622,064	638,786
Gifts in-kind	11,318,596	10,566,067	1,072,486	5,282,979	-	2,788,488	31,028,616	40,754,313
<b>Total other expenses</b>	<u>19,026,697</u>	<u>11,490,718</u>	<u>1,345,934</u>	<u>6,151,580</u>	<u>968,798</u>	<u>3,224,837</u>	<u>42,208,564</u>	<u>52,187,874</u>
<b>Distribution Center allocation</b>	<u>1,875,099</u>	<u>865,487</u>	<u>133,733</u>	<u>554,571</u>	<u>223,073</u>	<u>(3,651,963)</u>	<u>-</u>	<u>-</u>
<b>Total expenses</b>	<u>\$ 27,329,792</u>	<u>\$ 12,614,578</u>	<u>\$ 1,949,174</u>	<u>\$ 8,082,941</u>	<u>\$ 3,251,316</u>	<u>\$ -</u>	<u>\$ 53,227,801</u>	<u>\$ 62,821,879</u>



SINGLE AUDIT INFORMATION

MEDICAL TEAMS INTERNATIONAL  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended September 30, 2018

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
<b>U.S. Department of State, Bureau of Population, Refugees, and Migration</b>			
Overseas Refugee Assistance Programs for Africa:			
Direct program:			
Comprehensive Health Care for Refugees	19.517	S-PRMCO-17-CA-2061	\$ 1,203,747
Comprehensive Health Care for Refugees	19.517	S-PRMCO-17-CA-2062	1,207,892
Comprehensive Health Care for Refugees	19.517	S-PRMCO-18-CA-0070	267,284
Comprehensive Health Care for Refugees	19.517	S-PRMCO-18-CA-0069	<u>12,485</u>
Total U.S. Department of State, Bureau of Population, Refugees, and Migration			<u>2,691,408</u>
Total federal awards			<u>\$ 2,691,408</u>

MEDICAL TEAMS INTERNATIONAL  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended September 30, 2018

**1. Purpose of the Schedule**

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Medical Teams' financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of Medical Teams, it is not intended to and does not present the financial position, results of operations, or changes in net assets of Medical Teams.

**2. Significant Accounting Policies**

**Reporting Entity**

The reporting entity is described in Note 1 to Medical Teams' basic financial statements.

**Basis of Accounting**

The Schedule includes the federal grant activity of Medical Teams under programs of the federal government for the year ended September 30, 2018. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Medical Teams did not use the 10 percent de minimis indirect cost rate and has elected to use the approved indirect cost rate as allowed under the grant agreement.

**Federal Financial Assistance**

Federal financial assistance is defined by the Uniform Guidance as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, or direct appropriations. Accordingly, nonmonetary federal assistance, including federal surplus property, is included in federal financial assistance and therefore is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Additionally, there are no subrecipients of Medical Teams' federal financial assistance. Solicited contracts between Medical Teams and the federal government for which the federal government procures tangible goods and services are not considered to be federal financial assistance.

**Major Programs**

The Uniform Guidance establishes criteria to be used for defining major programs. Major programs for Medical Teams' are those programs selected for testing using a risk assessment model, as well as certain minimum expenditure requirements, as outlined in the Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

**3. Catalog of Federal Domestic Assistance**

The Catalog of Federal Domestic Assistance (CFDA) numbers reported in the accompanying Schedule are based on the November 2018 CFDA.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Medical Teams International  
Tigard, Oregon

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Medical Teams International (a nonprofit organization), which comprise the statement of financial position as of September 30, 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, and have issued our report thereon dated February 19, 2019.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Medical Teams International's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Medical Teams International's internal control. Accordingly, we do not express an opinion on the effectiveness of Medical Teams International's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Medical Teams International's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jones & Roth, P.C.  
Hillsboro, Oregon  
February 19, 2019

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors  
Medical Teams International  
Tigard, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited Medical Teams International's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Medical Teams International's major federal programs for the year ended September 30, 2018. Medical Teams International's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Medical Teams International's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Medical Team International's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Medical Team International's compliance.

## Opinion on Each Major Federal Program

In our opinion, Medical Teams International complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2018.

## Report on Internal Control Over Compliance

Management of Medical Teams International is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Medical Teams International's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Medical Teams International's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Jones & Roth, P.C.  
Hillsboro, Oregon  
February 19, 2019

MEDICAL TEAMS INTERNATIONAL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended September 30, 2018

**Section 1 - Summary of Auditor's Results**

- 1) The independent auditor's report expresses an unmodified opinion on the financial statements of Medical Teams International.
- 2) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the financial statements.
- 3) No instances of noncompliance material to the financial statements, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- 4) No significant deficiencies or material weaknesses in internal control were disclosed by the audit of the major federal award programs.
- 5) No instances of noncompliance were disclosed by the audit of the major federal award programs.
- 6) The independent auditor's report on compliance for the major federal award programs for Medical Teams International expresses an unmodified opinion.
- 7) The program tested as a major program was:

CFDA # 19.517 Overseas Refugee Assistance Programs for Africa
- 8) The threshold for distinguishing between Type A and Type B programs was \$750,000.
- 9) Medical Teams International was considered a low-risk auditee under Title 2 CFR §200.520.

**Section 2 - Financial Statement Audit Findings**

None.

**Section 3 - Federal Award Findings and Questioned Costs**

None.

There were no findings or questioned costs reported in the prior year.