



MEDICAL TEAMS INTERNATIONAL

Financial Statements and
Supplemental Information

September 30, 2023 and 2022

(With Independent Auditors' Report Thereon)

MEDICAL TEAMS INTERNATIONAL

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Independent Auditors' Report

The Board of Directors
Medical Teams International
Tigard, Oregon:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Medical Teams International (a nonprofit organization) (the Organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2023 and 2022, and the results of its operations, functional expense, and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 U.S. generally accepted accounting principles, 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 the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a



substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- 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 include 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 the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024 on our consideration of the Organization'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 solely 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 the effectiveness of the Organization's 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 the Organization's internal control over financial reporting and compliance.

KPMG LLP

Seattle, Washington
May 21, 2024

FINANCIAL STATEMENTS

MEDICAL TEAMS INTERNATIONAL

Statements of Financial Position

September 30, 2023 and 2022

Assets	2023	2022
Cash and cash equivalents	\$ 930,239	3,826,100
Cash and cash equivalents held in foreign countries	1,046,697	2,050,384
Total cash and cash equivalents	1,976,936	5,876,484
Investments	5,994,338	9,493,682
Receivables and advances, net	2,892,341	4,248,898
Promises to give, net	3,045,328	4,714,215
Prepaid expenses	1,150,392	1,134,657
Inventory	10,544,455	8,987,137
Property and equipment, net	6,061,807	5,983,534
Right-of-use assets	153,465	—
Total assets	\$ <u>31,819,062</u>	<u>40,438,607</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 1,928,154	2,725,254
Accrued payroll, vacation, and related liabilities	2,456,101	2,106,840
Refundable advances	847,901	441,360
Long term lease liabilities	36,286	—
Total liabilities	<u>5,268,442</u>	<u>5,273,454</u>
Net assets:		
Without donor restrictions	22,090,257	27,462,924
With donor restrictions	4,460,363	7,702,229
Total net assets	<u>26,550,620</u>	<u>35,165,153</u>
Total liabilities and net assets	\$ <u>31,819,062</u>	<u>40,438,607</u>

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Statement of Activities

Year ended September 30, 2023

	Without donor restrictions	With donor restrictions	Total
Revenue and support:			
Contributions	\$ 10,238,488	2,313,768	12,552,256
U.S. government grants and contracts	11,448,496	—	11,448,496
Other grants and contracts	18,660,753	—	18,660,753
Gifts-in-kind	26,231,198	—	26,231,198
Program revenue (service fees)	1,453,313	—	1,453,313
Investment income	389,104	379,915	769,019
Gain from sale of property	26,960	—	26,960
Other	459,402	—	459,402
Net assets released from restrictions	5,935,549	(5,935,549)	—
Total revenue and support	74,843,263	(3,241,866)	71,601,397
Expenses:			
Program activities:			
International programs	62,585,845	—	62,585,845
U.S. programs	5,595,393	—	5,595,393
Supporting activities:			
Management and general	5,227,744	—	5,227,744
Resource development	6,806,948	—	6,806,948
Total expenses	80,215,930	—	80,215,930
Change in net assets	(5,372,667)	(3,241,866)	(8,614,533)
Net assets, beginning of year	27,462,924	7,702,229	35,165,153
Net assets, end of year	\$ 22,090,257	4,460,363	26,550,620

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Statement of Activities

Year ended September 30, 2022

	Without donor restrictions	With donor restrictions	Total
Revenue and support:			
Contributions	\$ 15,288,181	5,348,795	20,636,976
U.S. government grants and contracts	10,450,510	—	10,450,510
Other grants and contracts	15,952,015	—	15,952,015
Gifts-in-kind	20,052,039	—	20,052,039
Program revenue (service fees)	1,936,946	—	1,936,946
Investment loss	(387,768)	(709,292)	(1,097,060)
Gain from sale of property	10,569	—	10,569
Other	289,767	—	289,767
Net assets released from restrictions	6,219,253	(6,219,253)	—
Total revenue and support	69,811,512	(1,579,750)	68,231,762
Expenses:			
Program activities:			
International programs	53,925,513	—	53,925,513
U.S. programs	6,696,947	—	6,696,947
Supporting activities:			
Management and general	4,612,284	—	4,612,284
Resource development	6,318,136	—	6,318,136
Total expenses	71,552,880	—	71,552,880
Change in net assets	(1,741,368)	(1,579,750)	(3,321,118)
Net assets, beginning of year	29,204,292	9,281,979	38,486,271
Net assets, end of year	\$ 27,462,924	7,702,229	35,165,153

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Statement of Functional Expenses

Year ended September 30, 2023

	Program activities			Supporting activities			Total
	International programs	U.S. programs	Total program activities	Management and general	Resource development	Total supporting activities	
Salaries and related expenses:							
Salaries and related expenses	\$ 17,980,954	2,936,049	20,917,003	2,833,175	3,813,970	6,647,145	27,564,148
Employee benefits	3,962,643	515,494	4,478,137	503,621	686,806	1,190,427	5,668,564
Payroll taxes	176,007	254,550	430,557	203,155	285,519	488,674	919,231
Total salaries and related expenses	22,119,604	3,706,093	25,825,697	3,539,951	4,786,295	8,326,246	34,151,943
Other expenses:							
Professional fees	2,391,119	353,877	2,744,996	545,083	153,683	698,766	3,443,762
Consultants	295,987	76,373	372,360	244,301	302,009	546,310	918,670
Media and marketing	54,200	4,260	58,460	5,611	241,816	247,427	305,887
Direct mail	—	223	223	—	243,945	243,945	244,168
Program grants and activities	4,856,953	73,608	4,930,561	3,047	18,534	21,581	4,952,142
Travel	1,955,773	92,612	2,048,385	192,412	144,569	336,981	2,385,366
Supplies	1,906,192	254,205	2,160,397	158,632	184,835	343,467	2,503,864
Facilities	1,248,266	38,807	1,287,073	37,637	12,630	50,267	1,337,340
Utilities	453,286	45,473	498,759	51,708	30,465	82,173	580,932
Insurance	387,223	92,009	479,232	50,103	5,296	55,399	534,631
Equipment	595,621	54,576	650,197	39,279	33,455	72,734	722,931
Vehicles	622,312	215,999	838,311	2,632	389	3,021	841,332
Other expenses	944,804	77,901	1,022,705	300,839	643,053	943,892	1,966,597
Depreciation	455,432	133,676	589,108	56,509	5,974	62,483	651,591
Gifts-in-kind	24,299,073	375,701	24,674,774	—	—	—	24,674,774
Total other expenses	40,466,241	1,889,300	42,355,541	1,687,793	2,020,653	3,708,446	46,063,987
Total expenses	\$ 62,585,845	5,595,393	68,181,238	5,227,744	6,806,948	12,034,692	80,215,930

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Statement of Functional Expenses

Year ended September 30, 2022

	Program activities			Supporting activities			Total
	International programs	U.S. programs	Total program activities	Management and general	Resource development	Total supporting activities	
Salaries and related expenses:							
Salaries and related expenses	\$ 15,679,957	2,989,205	18,669,162	2,270,640	3,365,531	5,636,171	24,305,333
Employee benefits	3,616,822	556,979	4,173,801	403,531	570,554	974,085	5,147,886
Payroll taxes	183,712	259,869	443,581	136,398	250,499	386,897	830,478
Total salaries and related expenses	19,480,491	3,806,053	23,286,544	2,810,569	4,186,584	6,997,153	30,283,697
Other expenses:							
Professional fees	1,848,393	1,049,480	2,897,873	731,969	110,094	842,063	3,739,936
Consultants	547,399	107,617	655,016	322,246	344,566	666,812	1,321,828
Media and marketing	48,243	5,343	53,586	2,411	344,102	346,513	400,099
Direct mail	—	473	473	—	289,684	289,684	290,157
Program grants and activities	4,641,653	33,198	4,674,851	12,462	7,801	20,263	4,695,114
Travel	1,655,931	213,314	1,869,245	141,615	63,839	205,454	2,074,699
Supplies	1,899,474	354,732	2,254,206	234,791	347,403	582,194	2,836,400
Facilities	1,106,318	79,981	1,186,299	60,426	107,629	168,055	1,354,354
Utilities	464,112	60,061	524,173	50,318	33,232	83,550	607,723
Insurance	376,343	89,385	465,728	76,402	8,076	84,478	550,206
Equipment	592,937	44,089	637,026	20,632	13,327	33,959	670,985
Vehicles	525,521	115,438	640,959	1,449	140	1,589	642,548
Other expenses	1,107,212	27,767	1,134,979	84,342	453,747	538,089	1,673,068
Depreciation	464,151	148,085	612,236	62,652	7,912	70,564	682,800
Gifts-in-kind	19,167,335	561,931	19,729,266	—	—	—	19,729,266
Total other expenses	34,445,022	2,890,894	37,335,916	1,801,715	2,131,552	3,933,267	41,269,183
Total expenses	\$ 53,925,513	6,696,947	60,622,460	4,612,284	6,318,136	10,930,420	71,552,880

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Statements of Cash Flows

Years ended September 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (8,614,533)	(3,321,118)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	651,591	682,800
Loss (gain) on disposal of property and equipment	114,870	(10,569)
Realized loss (gain) on sale of investments	22,854	(14,742)
Unrealized loss (gain) on investments	(508,002)	1,456,663
Donated investments	(261,958)	(452,835)
Receivables and advances	1,356,557	(438,038)
Promises to give	1,668,887	1,856,495
Prepaid expenses	(15,735)	(251,245)
Inventory	(1,557,318)	(341,716)
Accounts payable	(797,100)	631,718
Accrued payroll, vacation, and related liabilities	349,261	772,333
Refundable advances	406,541	(749,101)
Net cash used in operating activities	<u>(7,184,085)</u>	<u>(179,355)</u>
Cash flows from investing activities:		
Proceeds from sale of investments	4,199,742	2,205,788
Proceeds from sale of property and equipment	—	17,739
Purchase of marketable securities	(283,871)	(2,000,000)
Acquisition of property and equipment	(631,334)	(563,251)
Net cash provided by (used in) investing activities	<u>3,284,537</u>	<u>(339,724)</u>
Cash flows from financing activity:		
Financing activity	<u>—</u>	<u>—</u>
Net cash provided by financing activity	<u>—</u>	<u>—</u>
Net change in cash and cash equivalents	(3,899,548)	(519,079)
Cash and cash equivalents, beginning of year	<u>5,876,484</u>	<u>6,395,563</u>
Cash and cash equivalents, end of year	\$ <u><u>1,976,936</u></u>	<u><u>5,876,484</u></u>

See accompanying notes to financial statements.

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(1) Organization and Purpose

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. Medical Teams cares for the whole person—physical, emotional, social, and spiritual. Daring to love like Jesus, Medical Teams cares for all people—regardless of religion, nationality, sex, or race. Medical Teams believes 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 Medical Teams have access, and when resources are available.

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

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

Medical Teams works 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 Medical Teams leaves.

In addition to U.S.-based programs, Medical Teams operates in Colombia, Ethiopia, Sudan, Tanzania, Uganda, and Ukraine.

(2) Significant Accounting Policies

(a) Basis of Accounting and Presentation

The accompanying financial statements including all Medical Team locations have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

(b) Net Assets

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

- Net assets without donor restrictions—Net assets that are not subject to donor-imposed restrictions. This balance includes any funds restricted by the board but not subject to donor restrictions.
- Net assets with donor restrictions—Net assets that are subject to donor-imposed restrictions that permit Medical Teams to use or expend the assets as specified. Some donor-imposed restrictions are temporary in nature, such as those that are restricted by the donor for a particular purpose or that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are required to be maintained in perpetuity.

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(c) Cash and Cash Equivalents

Cash equivalents consist primarily of money market instruments with original maturities of three months or less at the date of acquisition. Medical Teams maintains bank accounts in several foreign countries to facilitate operations. Total cash held in foreign accounts on September 30, 2023 and 2022 is \$1,046,697 and \$2,050,384, respectively.

(d) Concentration of Credit Risk

Medical Teams maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. Medical Teams has not experienced any losses in such accounts and believes that it is not exposed to any significant financial risk on cash.

(e) Investments

Investments are recorded at fair value as determined by quoted or published market prices. Investment income, including gains and losses on investments, is recorded as increases or decreases in net assets without donor restrictions unless its use is limited by donor-imposed restrictions or law.

The investment objective of the Endowment is to provide a rate of return over inflation sufficient to support in perpetuity the mission. It is particularly important to preserve the value of the assets in real terms to enable the Endowment to preserve intergenerational equity and maintain the purchasing power of the spending on programs and administration without eroding the real value of the principal corpus of the Endowment. See note 4 for further information.

The objective for managing investments is to optimize return, net of costs on investments within the approved policy investment options, with careful consideration of the projected liquidity needs of the organization.

(f) Promises to Give, Net

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed at the rate commensurate with the risks involved and upon the rate applicable to the year in which the promise is received.

(g) Inventory

Inventory consists of donated medical supplies that are used in global programs and distributed to other like organizations. The valuation of inventory is described in note (k) Gifts-in-Kind.

(h) Property and Equipment, Net

Property and equipment are capitalized at cost or, if donated, at the approximate fair market value at the date of donation, provided they have a useful life of more than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets.

The costs of repairs and maintenance are charged to expense when incurred. Upon sale or retirement of the property and equipment, the related cost and accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in the statement of activities.

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

Property and equipment are reviewed each year for impairment or whenever events or changes in business circumstances indicate that the carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values. No impairment losses related to property and equipment were recognized during the year ended September 30, 2023 or 2022.

(i) Contributions

Contributions are recognized as revenue upon receipt or when unconditional promises to give are received. Contributions are recorded as with donor restrictions or without donor restrictions, depending on donor intent. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

(j) Government and Other Grant Funding

Support and revenue related to government and other grants are recognized when donor-imposed conditions are met. These revenues are subject to right of return if funds are not spent and also have other performance and/or control barriers that must be met to be entitled to the funds. For this reason, grant revenues are conditional, and revenue is recognized as funds are utilized for programmatic activities specified in the grant agreement. Accordingly, amounts received, but not recognized as revenue, are classified in the statement of financial position as refundable advances.

For the years ended September 30, 2023 and 2022, grant revenue amounted to \$30,109,249 and \$26,402,525, respectively. Total contingent grants not yet earned as of September 30, 2023 and 2022 amounted to \$23,478,003 and \$13,865,043, respectively. Of the conditional grants not yet earned, as of September 30, 2023 and 2022, \$847,901 and \$441,360 are recorded as refundable advances, respectively.

(k) Gifts-in-Kind

Gifts-in kind (GIK) are primarily from corporate medical supply donors, hospital partners, and from individuals. GIK also includes services provided to mobile dental units and volunteers supporting programs. GIK received through private donations are recorded in accordance with U.S. GAAP and industry standards, including the Interagency GIK Standards developed by the Accord Network and the Private Voluntary Organization (PVO) standards developed by InterAction. The Accord Network and InterAction are two industry networks, which collaborate to eliminate poverty and establish common reporting and operating principles. GIKs are valued and recorded at their estimated fair value based upon estimates of the wholesale values that would be received for selling the goods in their principal exit markets considering the goods' condition and utility for use at the time of contribution. Medical Teams does not sell donated GIK and only distributes the goods for program use. Medical Teams receives and distributes medical supplies, pharmacy, and hygiene products.

GIK Revenue is recorded when goods are received into inventory. GIK expense is recorded when goods are distributed for program use. The inventory is valued using the same methodologies described above. Medical Teams believes that this approximates the lower of cost or net realizable value in the market.

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

For the years ended September 30, 2023 and 2022, GIK received directly by Medical Teams amounted to \$26,231,198 and \$20,052,039, respectively.

	<u>2023</u> Revenue recognized	<u>2022</u> Revenue recognized	<u>Utilization in</u> <u>programs/activities</u>	<u>Donor</u> <u>restrictions</u>	<u>Valuation techniques</u> <u>and Inputs</u>
Medical supplies	\$ 24,779,821	14,942,599	Humanitarian relief	None	Fair market value estimate
Services	375,701	764,103	Healthcare	None	Fair value of current rates
Other	<u>1,075,676</u>	<u>4,345,337</u>	Humanitarian relief	None	Fair market value estimate
Total	<u>\$ 26,231,198</u>	<u>20,052,039</u>			

(l) In-Kind Support

Contributions of services are recognized in the financial statements as in-kind contributions if the services enhance or create nonfinancial assets or require specialized skills and are provided by individual possessing those skills. These skills would be purchased if not provided by the donation. These services are recorded at their estimated fair value at the date of donation and are recognized in the financial statements as contributions and expenses.

The total value of this in-kind support included in the accompanying financial statements is \$375,701 and \$764,103 for the years ended September 30, 2023 and 2022, respectively. In-kind support is recorded within gifts-in-kind on the statement of activities. During the years ended September 30, 2023 and 2022, Medical Teams also received a significant number of donated services from other volunteers that are not recognized in the statements of activities because the criteria for recognition under U.S. GAAP was not satisfied.

(m) Program Revenue

Medical Teams conducts dental and medical clinics that may bill Medicaid for eligible services. The revenue is recognized when the service is provided. For the years ended September 30, 2023 and 2022, Medicaid revenue totaled \$63,192 and \$36,212, respectively.

(n) Other Income

Other income consists primarily of reimbursed transportation and warehouse services for the recovery of medical surplus items from healthcare providers in the U.S.

(o) Functional Allocation of Expenses

The costs of providing certain activities of Medical Teams have been summarized on a functional basis in the financial statements. Where practicable, expenses are directly classified to specific program or supporting service categories. Costs that are not specifically identifiable within functional categories are classified using an allocation method such as square footage and other methodologies.

(p) Fundraising Events

Revenue and expenses from fundraising events are reported gross. Therefore, fundraising expenses are not offset directly against related revenues, and are reported as resource development expenses in the accompanying statements of activities.

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(q) Use of Estimates

In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(r) 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). However, Medical Teams remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exception. No income tax provision has been recorded as the net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the financial statements taken as a whole.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, related to accounting for uncertainty in income taxes, prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. This standard requires that the entity account for and disclose in the financial statements the impact of a tax position if that position will more likely than not be sustained upon examinations, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Medical Teams has evaluated the financial statement impact of tax positions taken or expected to be taken and determined it has no uncertain tax positions that would require tax assets or liabilities to be recorded in accordance with accounting guidance.

(s) Recent Accounting Pronouncements

Financial Accounting Standards Board (FASB) Accounting Standards Update No. 2020-07 Topic 958, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, prescribes disclosure and reporting enhancements for contributed nonfinancial assets as well as the amount of those contributions used in programs and activities. The updated standard requires a separate line item in the statement of activities for reporting contributed nonfinancial assets apart from contributions of cash and other financial assets plus additional disclosures regarding the category and type of amounts recognized within. Accordingly, Medical Teams adopted the new standard beginning with its 2022 fiscal reporting year.

The FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). This guidance is designated to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing agreements. Accordingly, Medical Teams adopted the new standard effective October 1, 2022, using a modified retrospective transition approach, without adjustment to the prior period comparative financial information which have been presented in accordance with the previous accounting guidance. ASC 842 requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize an ROU asset and lease liability on the

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

statement of financial position for all leases with a term longer than 12 months. Leases are classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. In adopting and applying the standard, Medical Teams elected to adopt the package of practical expedients, including not reassessing past lease accounting, not separating lease components from non-lease components, and not reassessing previously capitalized initial direct costs.

Medical Teams determines if an arrangement is or contains a lease at contract inception. Medical Teams recognizes an ROU asset and a lease liability at the lease commencement date if the lease period exceeds one year. Leases less than one year are expensed monthly as incurred.

For operating leases, the lease liability is initially and subsequently measured at the present value of the unpaid lease payments at the lease commencement date. For finance leases, the lease liability is initially measured in the same manner and date as for operating leases and is subsequently measured at amortized cost using the effective-interest method.

The ROU asset is initially measured at the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received.

For operating leases, the ROU asset is subsequently measured throughout the lease term at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Operating lease ROU assets are presented as operating lease right of use assets on the statement of financial position. The current portion of operating lease liabilities is included in accrued liabilities while the long-term portion is presented separately as long-term lease liabilities on the statement of financial position.

(t) *Liquidity and Availability of Resources*

For the purposes of analyzing resources available to meet general expenditures over a 12-month period, all expenditures related to its ongoing activities of providing healthcare services to individuals globally as well as the conduct of activities to support those services operations to be general expenditures. Medical Teams manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide a reasonable assurance that all of its obligations will be discharged.

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September 30, 2023 and 2022

At September 30, Medical Teams' financial assets, reduced by amounts not available for general expenditures within one year, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,976,936	5,876,484
Investments	5,994,338	9,493,682
Receivables and advances	2,892,341	4,248,898
Promises to give, net	<u>1,811,373</u>	<u>4,714,215</u>
	12,674,988	24,333,279
Less donor-restricted funds	<u>(4,460,363)</u>	<u>(7,702,229)</u>
Financial assets available for general expenditure within one year	<u>\$ 8,214,625</u>	<u>16,631,050</u>

(u) Concentrations

During the year ended September 30, 2023, Medical Teams received approximately 2% of total revenue from one donor. During the year ended September 30, 2022, Medical Teams received approximately 12% of total revenue from one donor.

(3) Investments and Fair Value Measurements

Fair value is defined as the price that Medical Teams would receive upon selling an asset in an orderly transaction to an independent buyer in the principal or most advantageous market of the asset. A three-tier hierarchy was established by the FASB to classify measurement inputs for determining fair value for disclosure purposes. Inputs refer broadly to the assumption that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

Level 1: Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that Medical Teams has the ability to access at the measurement date.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3: Inputs that are unobservable, including Medical Teams' own assumptions in determining the fair value of assets or liabilities.

In some cases, the inputs used to measure fair value might fall in different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the asset in its entirety falls is determined based on the lowest-level input that is significant to the asset in its entirety. Assessing the significance of a particular input to the asset in its entirety requires judgment and considers factors specific to the asset. The

MEDICAL TEAMS INTERNATIONAL

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September 30, 2023 and 2022

categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to Medical Teams' perceived risk of liquidity for that asset.

The following table presents assets that are measured at fair value on a recurring basis as of September 30, 2023:

Assets at fair value as of September 30, 2023					
		Level 1	Level 2	Level 3	Total
Equity-based mutual funds:					
Domestic	\$	3,949,907	—	—	3,949,907
International		2,044,332	—	—	2,044,332
Stocks		99	—	—	99
Total	\$	5,994,338	—	—	5,994,338

The following table presents assets that are measured at fair value on a recurring basis as of September 30, 2022:

Assets at fair value as of September 30, 2022					
		Level 1	Level 2	Level 3	Total
Equity-based mutual funds:					
Domestic	\$	7,641,244	—	—	7,641,244
International		1,852,403	—	—	1,852,403
Stocks		35	—	—	35
Total	\$	9,493,682	—	—	9,493,682

(4) Endowment Fund

Medical Teams has one endowment fund. The income from the fund is to be used to fund operations or to be reinvested. As required by GAAP, net assets associated with donor-restricted funds are classified and reported based on the existence or absence of donor-imposed restrictions.

(a) Interpretation of Relevant Law

Medical Teams is subject to the State of Oregon's version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Based on the interpretation of UPMIFA by the board of directors of Medical Teams, applicable accounting guidance, and absent explicit donor stipulations to the contrary, Medical Teams classifies net assets of a perpetual nature with donor restrictions as (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulation to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor's restricted endowment fund that is not held in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the board of directors.

MEDICAL TEAMS INTERNATIONAL

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September 30, 2023 and 2022

In accordance with UPMIFA, Medical Teams considers the following factors in making a determination to appropriate or accumulate the donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of Medical Teams and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of Medical Teams
- The investment policies of Medical Teams

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original dollar value of the endowment fund or the level specifically required to be detained by the donor. Medical Teams considers prudence in maintaining an endowment fund in perpetuity. While spending may occur while the fund's fair value is below its historic value, Medical Teams' board of directors will exercise prudence to continue the perpetual nature of the endowment over time. As of September 30, 2023 and 2022, Medical Teams had no underwater endowments.

(b) Investment Objectives and Spending Policy

To achieve its long-term rate-of-return objectives, Medical Teams relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends.) Medical Teams targets a diversified asset allocation that places a greater emphasis on equity, bond, and alternative based investments to achieve its long-term objective within prudent risk constraints. The spending rate is reviewed by the board of directors based on the criteria listed above and is capped at 5% of the fair value of the portfolio.

(c) Endowment Activities

Changes in endowment net assets included in net assets with donor restrictions were as follows for the years ended September 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Endowment net assets, beginning of year	\$ 1,920,123	2,738,230
Investment income (loss)	379,915	(709,292)
Spending rate	<u>(117,584)</u>	<u>(108,815)</u>
Endowment net assets, end of year	<u>\$ 2,182,454</u>	<u>1,920,123</u>

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(5) Promises to Give, Net

	<u>2023</u>	<u>2022</u>
Pledges receivable in less than one year	\$ 2,000,310	2,525,584
Promises to give in one to five years	<u>1,233,955</u>	<u>2,479,017</u>
Total unconditional promises to give	3,234,265	5,004,601
Allowance for Uncollectible Pledges	(15,000)	—
Unamortized discount	<u>(173,937)</u>	<u>(290,386)</u>
Total promises to give, net	\$ <u>3,045,328</u>	<u>4,714,215</u>

As of September 30, 2023 and 2022, the interest rate used to discount pledges receivable to their net present value was 12.75% and 8.8%, respectively.

(6) Receivables and Advances, Net

	<u>2023</u>	<u>2022</u>
Grant receivables	\$ 2,202,836	3,119,815
Other receivables and advances	<u>689,505</u>	<u>1,144,083</u>
Total receivables and advances	2,892,341	4,263,898
Allowance for other uncollectible receivables and advances	<u>—</u>	<u>(15,000)</u>
Total receivables and advances, net	\$ <u>2,892,341</u>	<u>4,248,898</u>

(7) Property and Equipment, Net

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

	<u>2023</u>	<u>2022</u>
Vehicles, including mobile dental units	\$ 5,399,762	5,222,616
Office equipment and furniture	3,249,520	2,656,689
Building and land	6,561,583	6,752,815
Assets held for resale	<u>4,500</u>	<u>4,500</u>
	15,215,365	14,636,620
Accumulated depreciation	<u>(9,153,558)</u>	<u>(8,653,086)</u>
Property and equipment, net	\$ <u>6,061,807</u>	<u>5,983,534</u>

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(8) Line of Credit

Medical Teams did not renew its \$500,000 revolving line of credit through U.S. Bank after its maturity date of May 31, 2023. The unpaid principal balance of the prior credit line had interest at an annual rate equal to the prime rate of 8.25% as of the loan maturity date on May 31, 2023 and 6.25% as of September 30, 2022, and was payable each month, with a final interest payment due with the final payment of principal. The credit line was secured by the general assets of Medical Teams and required that Medical Teams always maintain a tangible net worth in the amount of \$20 million.

The outstanding balance on the line of credit was \$0 as of September 30, 2023 and 2022.

(9) Operating Leases

Medical Teams leases office equipment under noncancellable operating leases with varying terms. Medical Teams also leases buildings, equipment, and vehicles under cancellable operating leases or under leases with lease terms expiring within one year.

The weighted average terms of operating leases were 2.4 years for the year ended September 30, 2023. The weighted average discount rate of operating leases was 3.6% for the year ended September 30, 2023.

Operating lease expense under all leases included in the accompanying financial statements totaled \$755,148 and \$709,810 for the years ended September 30, 2023 and 2022, respectively. Short-term lease costs for the year ended September 30, 2023 were \$627,890. Operating cash flows from operating leases were \$127,258 for the year ended September 30, 2023.

Maturities of operating lease liabilities as of September 30, 2023 are as follows:

2024	\$	121,008
2025		34,358
2026		2,295
2027		—
2028		—
Thereafter		—
		<hr/>
Total future minimum lease payments		157,661
Less imputed interest		<hr/> 4,196
Total lease liabilities	\$	<hr/> <hr/> 153,465

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

Prior to adoption of ASC 842, the future minimum lease payments required under operating leases in effect on September 30, 2022, were as follows:

Year ending September 30:		
2023	\$	18,819
2024		13,311
2025		7,803
2026		<u>2,295</u>
Total	\$	<u><u>42,228</u></u>

(10) Employee Benefit 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, 2023 and 2022 were \$552,769 and \$418,312, respectively.

(11) Net Assets Released from Restrictions

Net assets relating to restricted contributions and grants are released from net assets with donor restrictions to net assets without donor restrictions when Medical Teams incurs expenses satisfying the restricted purposes or when other events specified by donors occur.

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

	<u>2023</u>	<u>2022</u>
Satisfaction of international and domestic relief and development projects	\$ <u>5,935,549</u>	<u>6,219,253</u>
Total net assets released from restrictions	\$ <u><u>5,935,549</u></u>	<u><u>6,219,253</u></u>

MEDICAL TEAMS INTERNATIONAL

Notes to Financial Statements

September 30, 2023 and 2022

(12) Net Assets

The nature of Medical Teams' activities is such that it is common to have net assets with donor restrictions carryover when projects funded by long-term grants are carried out over multiple-year periods or when restricted contributions 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>2023</u>	<u>2022</u>
Net assets with donor restrictions:		
Africa and Middle East projects	\$ 232,495	63,920
Latin America projects	143,884	221,573
Ukraine crisis	—	1,655,754
U.S. Programs	726,168	1,303,677
Long-term pledges	1,060,018	2,188,630
Funds restricted in perpetuity	2,182,454	1,920,123
Other	<u>115,344</u>	<u>348,552</u>
Total net assets with donor restrictions	<u>\$ 4,460,363</u>	<u>7,702,229</u>

Funds restricted in perpetuity consisted entirely of Endowment assets to be held indefinitely at September 30, 2023 and 2022. The income from these assets is used to support Medical Teams' general activities.

(13) 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 May 21, 2024, the date that the independent auditors' report was available to be issued.

SINGLE AUDIT INFORMATION



KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

Independent Auditors' 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*

The Board of Directors
Medical Teams International
Tigard, Oregon:

We have audited, in accordance with the 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 (the Organization), which comprise the Organization's statement of financial position as of September 30, 2023, 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 May 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-003, that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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 financial statements. 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*.



The Organization's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Seattle, Washington
May 21, 2024



KPMG LLP
Suite 2800
401 Union Street
Seattle, WA 98101

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of
Expenditures of Federal Awards Required by the Uniform Guidance**

The Board of Directors
Medical Teams International
Tigard, Oregon

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Medical Teams International (the Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended September 30, 2023. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2023.

Basis for Unmodified Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unmodified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the



Organization's compliance based on our audit. 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2023-002. Our opinion on the major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Organization's response and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response or the corrective action plan.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.



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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a material weakness.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Organization is also responsible for preparing a corrective action plan to address each audit finding included in our auditors' report. The Organization's responses and corrective action plan were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses or the corrective action plan.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended September 30, 2023, and have issued our report thereon dated May 21, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 audit 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Seattle, Washington
May 22, 2024

MEDICAL TEAMS INTERNATIONAL

Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

<u>Federal grantor/pass-through grantor/program title</u>	<u>Assistance listing number</u>	<u>Grantor's number</u>	<u>Passed through to subrecipients</u>	<u>Total grant expenditures</u>
U.S. Department of State, Bureau of Population, Refugees, and Migration:				
Overseas Refugee Assistance Programs for Africa:				
Direct program:				
Comprehensive Health Care for Refugees	19.517	S-PRMCO-22-CA-0074	\$ 490,941	3,088,643
Comprehensive Health Care for Refugees	19.517	S-PRMCO-22-CA-0075	—	3,137,985
Comprehensive Health Care for Refugees	19.517	S-PRMCO-23-CA-0096	35,012	333,725
Comprehensive Health Care for Refugees	19.517	S-PRM-CO-23-CA-0109	—	417,050
Comprehensive Health Care for Refugees	19.517	S-PRM-CO-23-CA-0249	—	84,677
Passed through Danish Refugee Council:				
Comprehensive Health Care for Refugees and IDPs	19.517	S-PRMCO-22-CA-0102	—	1,080,629
Total Overseas Refugee Assistance Programs for Africa			<u>525,953</u>	<u>8,142,709</u>
Overseas Refugee Assistance Programs for Western Hemisphere:				
Direct program:				
COVID-19 Reduction of preventable morbidity and mortality due to COVID-19 among vulnerable refugees, migrants, and host communities	19.518	S-PRM-CO-22-CA-0292	—	1,965,902
Total U.S. Department of State, Bureau of Population, Refugees, and Migration			<u>525,953</u>	<u>10,108,611</u>
U.S. Agency for International Development:				
Foreign Assistance for Programs Overseas:				
Health, Nutrition, WASH and Protection Assistance	98.001	720-BHA-23-GR-00018	220,051	1,273,338
Passed through World Vision, Inc.:				
Core Group Polio Project	98.001	AID-OAA-A-17-00026-MTI	—	251,235
Total U.S. Agency for International Development:			<u>220,051</u>	<u>1,524,573</u>
Total federal awards			<u>\$ 746,004</u>	<u>11,633,184</u>

See accompanying independent auditors' report and notes to the schedule of expenditures of federal awards.

MEDICAL TEAMS INTERNATIONAL

Notes to Schedule of Expenditures of Federal Awards

Year ended September 30, 2023

(1) Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to Medical Teams International (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

(a) Reporting Entity

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

(b) 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, 2023. 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) on the accrual basis of accounting.

(c) Indirect Cost Rate

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.

(d) 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. 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.

(e) 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 purpose.

MEDICAL TEAMS INTERNATIONAL
Schedule of Findings and Questioned Costs
Year ended September 30, 2023

(1) Summary of Auditors' Results

- a. Type of report issued on whether the combined financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the combined financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **Yes**
- c. Noncompliance material to the combined financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **Yes**
 - Significant deficiencies: **Yes**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes**
- g. Major program:
 - U.S. Dept. of State: Overseas Refugee Assistance Programs for Africa – ALN 19.517
 - Dollar threshold used to distinguish between Type A and Type B programs: **\$750,000**
- h. Auditee qualified as a low risk auditee: **Yes**

(2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

Finding 2023-003	
Finding Criteria	Discussion
Program Information	ASC 958-605-30-9: Inputs for measuring fair value of contributed inventory items may be obtained from published catalogs, vendors, independent appraisals, and other sources. If methods such as estimates, averages, or computational approximations, such as average value per pound or subsequent sales, can reduce the cost of measuring the fair value of inventory, use of those methods is appropriate, provided the methods are applied consistently, and the results of applying those methods are reasonably expected not to be materially different from the results of a detailed measurement of the fair value of contributed inventory.

MEDICAL TEAMS INTERNATIONAL
Schedule of Findings and Questioned Costs
Year ended September 30, 2023

Finding 2023-003	
Finding Criteria	Discussion
Condition found, including facts that support the deficiency identified in the finding and information to provide proper perspective for judging the prevalence and consequences of the finding	Of 15 items tested ,14 did not have updated market values, which caused inventory values to be misstated by 8.6% as of September 30, 2023.
Cause and possible asserted effect	Of 15 items tested, 14 did not have updated market values, which caused inventory values to be understated. Within the items tested, the understatement was 8.6% as of September 30, 2023.
Recommendation	We recommend that management design more robust controls around over the valuation of inventory and review of valuations supporting documentation for inventory received during the year.
Views of Responsible Officials	Fiscal Year 2023 marked the transition to a new inventory system which has affected the cost valuation process. This had an impact on some unit costs which were not fully updated to reflect the most current market values. The Controller and the Director of Logistics will lead a review of the current process and address any control gaps affecting the valuation of inventory.

MEDICAL TEAMS INTERNATIONAL
Schedule of Findings and Questioned Costs
Year ended September 30, 2023

(3) Findings and Questioned Costs Relating to Federal Awards

Finding 2023-001															
Finding Criteria	Discussion														
Program Information	<p><i>Federal Program:</i> Overseas Refugee Assistance Programs for Africa</p> <p><i>ALN:</i> 19.517</p> <p><i>Federal Agency:</i> United States Department of State, Bureau of Population, Refugees, and Migration</p> <p><i>Pass-through entity:</i> Danish Refugee Counsel</p> <p><i>Grant Name(s):</i> Comprehensive Health Care for Refugees, Comprehensive Health Care for Refugees and IDPs</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Grant ID Number</th> <th>Federal Award Year</th> </tr> </thead> <tbody> <tr> <td>S-PRMCO-22-CA-0074</td> <td>8/1/2022 - 7/31/2023</td> </tr> <tr> <td>S-PRMCO-22-CA-0075</td> <td>8/1/2022 - 7/31/2023</td> </tr> <tr> <td>S-PRMCO-23-CA-0096</td> <td>8/1/2023 - 7/31/2024</td> </tr> <tr> <td>S-PRM-CO-23-CA-0109</td> <td>8/1/2023 - 7/31/2024</td> </tr> <tr> <td>S-PRM-CO-23-CA-0249</td> <td>9/1/2023 - 8/31/2024</td> </tr> <tr> <td>S-PRMCO-22-CA-0102</td> <td>8/1/2022 - 7/31/2023</td> </tr> </tbody> </table>	Grant ID Number	Federal Award Year	S-PRMCO-22-CA-0074	8/1/2022 - 7/31/2023	S-PRMCO-22-CA-0075	8/1/2022 - 7/31/2023	S-PRMCO-23-CA-0096	8/1/2023 - 7/31/2024	S-PRM-CO-23-CA-0109	8/1/2023 - 7/31/2024	S-PRM-CO-23-CA-0249	9/1/2023 - 8/31/2024	S-PRMCO-22-CA-0102	8/1/2022 - 7/31/2023
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S-PRM-CO-23-CA-0109	8/1/2023 - 7/31/2024														
S-PRM-CO-23-CA-0249	9/1/2023 - 8/31/2024														
S-PRMCO-22-CA-0102	8/1/2022 - 7/31/2023														
Criteria or requirement	Under the requirements of 2 CFR section 200.305(9), interest earned in excess of \$500 per year on federal cash draws must be annually remitted to the Department of Health and Human Services, Payment Management System.														

MEDICAL TEAMS INTERNATIONAL
Schedule of Findings and Questioned Costs
Year ended September 30, 2023

Finding 2023-001	
Finding Criteria	Discussion
Condition found, including facts that support the deficiency identified in the finding and information to provide proper perspective for judging the prevalence and consequences of the finding	For ALN 19.517, the interest earned in excess of \$500 of \$279 was not remitted to the Department of Health and Human Services, Payment Management System for fiscal year ended September 30, 2023.
Cause and possible asserted effect	There is no control designed to calculate interest earned and review to assess the required amount to be remitted annually.
Identification of questioned costs and how they were computed	None
Sample Statistically Valid	The sample was not intended to be, and was not, a statistically valid sample.
Repeat finding from prior year	No
Recommendation	We recommend that management design and implement a control to calculate and remit interest earned in excess of \$500 on federal cash draws annually.
Views of Responsible Officials	Calculation of the interest earned in relation to Federal awards to be included in the month close cycle process for tracking purposes. This will ensure funds in excess of the stipulated \$500, are identified during the year and remitted.

MEDICAL TEAMS INTERNATIONAL
Schedule of Findings and Questioned Costs
Year ended September 30, 2023

Finding 2023-002							
Finding Criteria	Discussion						
Program Information	<p><i>Federal Program:</i> Overseas Refugee Assistance Programs for Africa</p> <p><i>ALN:</i> 19.517</p> <p><i>Federal Agency:</i> United States Department of State, Bureau of Population, Refugees, and Migration</p> <p><i>Grant Name(s):</i> Comprehensive Health Care for Refugees</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th>Grant ID Number</th> <th>Federal Award Year</th> </tr> </thead> <tbody> <tr> <td>S-PRMCO-22-CA-0074</td> <td>8/1/2022 - 7/31/2023</td> </tr> <tr> <td>S-PRMCO-23-CA-0096</td> <td>8/1/2023 - 7/31/2024</td> </tr> </tbody> </table>	Grant ID Number	Federal Award Year	S-PRMCO-22-CA-0074	8/1/2022 - 7/31/2023	S-PRMCO-23-CA-0096	8/1/2023 - 7/31/2024
Grant ID Number	Federal Award Year						
S-PRMCO-22-CA-0074	8/1/2022 - 7/31/2023						
S-PRMCO-23-CA-0096	8/1/2023 - 7/31/2024						
Criteria or requirement	Under the requirements of 2 CFR 200.305 (b)(3), When the reimbursement method is used, the Federal awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the Federal awarding agency or pass-through entity reasonably believes the request to be improper.						
Condition found, including facts that support the deficiency identified in the finding and information to provide proper perspective for judging the prevalence and consequences of the finding	For ALN 19.517, all selections tested of payments to subrecipients, MTI did not remit payment with federal funds timely, with time between receipt of subrecipient invoice and MTI payment ranging from 3 to 6 months. Total federal funds passed through to subrecipients is \$525,953 of which \$169,733 was tested.						
Cause and possible asserted effect	Management's process for processing payment to subrecipient after review and approval of the subrecipient invoice is not operating effectively such that approved payments are delayed and not remitted timely to subrecipients.						
Identification of questioned costs and how they were computed	None						
Sample Statistically Valid	The sample was not intended to be, and was not, a statistically valid sample.						

MEDICAL TEAMS INTERNATIONAL
 Schedule of Findings and Questioned Costs
 Year ended September 30, 2023

Finding 2023-002	
Finding Criteria	Discussion
Repeat finding from prior year	No
Recommendation	We recommend that management make improvements to existing controls to ensure approved subrecipient invoices and related payments are remitted timely to subrecipients.
Views of Responsible Officials	Medical Teams has identified the process gap that led to the delay of this payment. A combination of system improvements and capacity building at the program and AP staff level will be implemented to ensure that the review, approval, and payment processes are compliant and timely. The corrective action plan will be led by the Controller and supported by the Director of Global Finance and will take place between May and July of 2024