

BE TEAM INTERNATIONAL, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2020
AND
INDEPENDENT AUDITOR'S REPORT

HAMILTON & MUSSER, P.C.
Certified Public Accountants

BE TEAM INTERNATIONAL, INC.

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For the Year Ended June 30, 2020

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HAMILTON & MUSSER, PC

Certified Public Accountants • Consultants to Management

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Be Team International, Inc.
Atlanta, Georgia

Report on the Financial Statements

We have audited the accompanying financial statements of Be Team International, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

Members of the American and Pennsylvania Institutes of CPAs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be Team International, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As further explained in Note 13, Be Team International, Inc. is operating in an environment that has been economically impacted by the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

March 8, 2021

Mechanicsburg, Pennsylvania



Certified Public Accountants

BE TEAM INTERNATIONAL, INC.

Statement of Financial Position

June 30, 2020

| | |
|--|---------------------|
| Assets | |
| Cash and Cash Equivalents | \$ 587,075 |
| Accounts Receivable | 25,005 |
| Contributions Receivable, Net (Note 5) | 4,131,389 |
| Inventory | 33,594 |
| Fixed Assets, Net (Note 4) | <u>688,115</u> |
| Total Assets | <u>\$ 5,465,178</u> |
| Liabilities | |
| Accounts Payable | \$ 217,102 |
| Accrued Payroll and Taxes | <u>5,307</u> |
| Total Liabilities | <u>222,409</u> |
| Net Assets | |
| Without Donor Restrictions | 1,111,380 |
| With Donor Restrictions (Note 7) | <u>4,131,389</u> |
| Total Net Assets | <u>5,242,769</u> |
| Total Liabilities and Net Assets | <u>\$ 5,465,178</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

BE TEAM INTERNATIONAL, INC.Statement of Activities
For the Year Ended June 30, 2020

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|---|------------------------------------|---------------------|
| Operating Support and Revenue | | | |
| Contributions | \$ 1,579,756 | \$ - | \$ 1,579,756 |
| Patient Revenue | 1,372,905 | - | 1,372,905 |
| Gift-in-Kind Contributions (Note 8) | 506,820 | 4,646,162 | 5,152,982 |
| Administrative Income | 15,737 | - | 15,737 |
| Interest Income | 2,923 | - | 2,923 |
| Net Assets Released from Restrictions | <u>514,773</u> | <u>(514,773)</u> | <u>-</u> |
| Total Operating Support and Revenue | <u>3,992,914</u> | <u>4,131,389</u> | <u>8,124,303</u> |
| Operating Expenses | | | |
| Program Services | 2,743,940 | - | 2,743,940 |
| Supporting Services | | | |
| Management and General | 126,027 | - | 126,027 |
| Fundraising | <u>55,145</u> | <u>-</u> | <u>55,145</u> |
| Total Operating Expenses | <u>2,925,112</u> | <u>-</u> | <u>2,925,112</u> |
| Non-Operating Revenue | | | |
| Paycheck Protection Program Loan Forgiveness (Note 6) | - | 24,400 | 24,400 |
| Net Realized Gain on Foreign Currency Transactions | (9,034) | - | (9,034) |
| Gain on Foreign Currency Translation (Note 11) | 22,274 | - | 22,274 |
| Net Assets Released from Restrictions | <u>24,400</u> | <u>(24,400)</u> | <u>-</u> |
| Total Non-Operating Revenue | <u>37,640</u> | <u>-</u> | <u>37,640</u> |
| Change in Net Assets | 1,105,442 | 4,131,389 | 5,236,831 |
| Net Assets, Beginning of Year | <u>5,938</u> | <u>-</u> | <u>5,938</u> |
| Net Assets, End of Year | <u>\$ 1,111,380</u> | <u>\$ 4,131,389</u> | <u>\$ 5,242,769</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

BE TEAM INTERNATIONAL, INC.

Statement of Functional Expenses

For the Year Ended June 30, 2020

| | <u>Supporting Services</u> | | | |
|---------------------------------|----------------------------|-----------------------------------|--------------------|---------------------|
| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
| Salaries and Wages | \$ 1,248,743 | \$ 57,180 | \$ 25,414 | \$ 1,331,337 |
| Employee Benefits | 18,409 | 17,482 | 7,770 | 43,661 |
| Payroll Taxes | 3,389 | 4,357 | 1,936 | 9,682 |
| Legal Fees | - | 340 | - | 340 |
| Accounting Fees | 9,547 | 18,760 | - | 28,307 |
| Other Professional Fees | - | 4,084 | - | 4,084 |
| Hospital Supplies | 190,572 | - | - | 190,572 |
| Cost of Goods Sold | 330,716 | - | - | 330,716 |
| Advertising | 541 | - | 17,835 | 18,376 |
| Office Expenses | 21,579 | 2,785 | - | 24,364 |
| Printing, Postage, and Shipping | 10,268 | 92 | 122 | 10,482 |
| Information Technology | 11,155 | 8,663 | - | 19,818 |
| Occupancy | 689,620 | 1,400 | - | 691,020 |
| Travel | 17,530 | 1,556 | 1,556 | 20,642 |
| Conferences and Meetings | 23,452 | 179 | - | 23,631 |
| Depreciation | 84,566 | 1,152 | 512 | 86,230 |
| Insurance | - | 1,833 | - | 1,833 |
| Minor Equipment and Repairs | 61,268 | 6,035 | - | 67,303 |
| Dues and Subscriptions | 12,279 | - | - | 12,279 |
| Other Expenses | 10,306 | 129 | - | 10,435 |
| Total | <u>\$ 2,743,940</u> | <u>\$ 126,027</u> | <u>\$ 55,145</u> | <u>\$ 2,925,112</u> |

The Accompanying Notes are an Integral Part of the Financial Statements

BE TEAM INTERNATIONAL, INC.Statement of Cash Flows
For the Year Ended June 30, 2020

| | |
|--|-------------------|
| Cash Flows from Operating Activities: | |
| Change in Net Assets | \$ 5,236,831 |
| Adjustments to Reconcile Change in Net Assets to Net Cash and Cash Equivalents Provided by Operating Activities: | |
| Depreciation | 86,230 |
| Paycheck Protection Program Loan Forgiveness | (24,400) |
| In-Kind Donations of Fixed Assets | (700,574) |
| (Increase) Decrease in: | |
| Accounts Receivable | (25,005) |
| Contributions Receivable, Net | (4,131,389) |
| Prepaid Expenses | 2,842 |
| Inventory | (33,594) |
| Increase (Decrease) in: | |
| Accounts Payable | 213,746 |
| Accrued Payroll and Taxes | <u>5,307</u> |
| Net Cash and Cash Equivalents Provided by Operating Activities | <u>629,994</u> |
| Cash Flows from Investing Activities: | |
| Purchase of Fixed Assets | <u>(73,771)</u> |
| Net Cash and Cash Equivalents Used by Investing Activities | <u>(73,771)</u> |
| Cash Flows from Financing Activities: | |
| Proceeds from Paycheck Protection Program Loan | <u>24,400</u> |
| Net Cash and Cash Equivalents Provided by Investing Activities | <u>24,400</u> |
| Net Change in Cash and Cash Equivalents | 580,623 |
| Cash and Cash Equivalents, Beginning of Year | <u>6,452</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 587,075</u> |
| <u>Supplementary Cash Flows Information:</u> | |
| Cash Paid for Interest | \$ - |
| Cash Paid for Taxes | - |

The Accompanying Notes are an Integral Part of the Financial Statements

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

Be Team International, Inc. (the Organization) is a 501(c)(3) non-profit organization incorporated in the State of Georgia in 2018 with the aim of supporting hospitals and medical programs in developing countries. Its primary focus is treating women and children. The Organization is devoted to developing the hospitals' capacity towards operational and financial independence by training national healthcare professionals, developing hospital administrative personnel, and providing high quality medical equipment and facilities. The Organization operated a hospital (BTI Afghanistan) in Afghanistan in 2020. The Organization is primarily supported by contributions and patient revenue.

Basis of Accounting:

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables, and other liabilities.

Basis of Presentation:

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the Organization to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Support and Revenue:

Contributions are recorded when made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. Gifts of cash and other assets are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the restriction is accomplished, net assets with donor restrictions are then reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Gift-in-kind contributions consist of donated hospital facilities, medical supplies and donated leases.

Cash and Cash Equivalents:

For the purpose of the Statement of Cash Flows, cash and cash equivalents consist of checking and money market accounts. The Organization considers all highly liquid investment instruments purchased with an initial maturity of three months or less to be cash equivalents.

Fixed Assets:

It is the policy of the Organization to record purchased fixed assets at cost and donated assets at their fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets. New acquisitions of fixed assets having a cost below \$5,000, or which are not expected to last for more than a year, are expensed in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related assets.

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable:

Accounts receivable consist of amounts due from patients, third-party payers, government assistance programs and others and are recorded at the estimated net realizable value when the service is rendered. The amount of the provision for doubtful accounts, if any, is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in local government and private employer health coverage, and other collection indicators. Once an account is no longer deemed collectible, accounts are deducted from the allowance for doubtful accounts and subsequent recoveries are added. No allowance was considered necessary at June 30, 2020.

Contributions Receivable:

Contributions receivable are unconditional promises to give and are recognized as assets and contributions in the year made.

The Organization has received, at no cost, the use of a hospital building and the land on which it is located. The fair value of the rent to be received, discounted to its present value, is recorded as a gift-in-kind contribution and contribution receivable in the year the contract is executed. The Organization then recognizes rent expense, reducing the contribution receivable, as the benefits are used up over the life of the lease. The amortization of the discount is recorded as contributions revenue.

Inventory:

Inventory consists primarily of medical supplies and drugs. Inventory that is purchased is valued at lower of cost or net realizable value with cost determined using the first-in, first-out method. Inventory that is donated is valued and recorded as revenue at the estimated fair value based upon the Organization's estimate of the wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. Contributed inventory is recorded as gift-in-kind contributions on the Statement of Activities. Expenses for donated medical supplies and drugs are recorded when used at the value recorded on date of receipt.

Paycheck Protection Program Loan:

The Organization has elected to account for the Paycheck Protection Program Loan as a donor restricted contribution up to the amount eligible for loan forgiveness in accordance with FASB ASC 958-605.

Taxation:

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a).

Management has reviewed the tax positions for each of the open tax years (2019) as well as the expected position of the Organization's 2020 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Expenses:

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents expenses by natural and functional classifications in accordance with the overall mission of the Organization. Accordingly, certain categories of expenses are attributable to one or more program or supporting functions of the Organization. Management allocates costs based on the ratio of each program's total budget expense to the total of the cost being allocated and staff time attributed to the function. The Organization incurred no joint costs during the year ended June 30, 2020.

NOTE 2 PENDING NEW ACCOUNTING PRONOUNCEMENT

In February 2016, FASB issued ASU No. 2016-02, *Leases*. The ASU introduces a lessee's model that brings most leases onto the Statement of Financial Position and aligns many of the underlying principles of the new lessor model with those in the new revenue recognition standard (ASU No. 2014-09). ASU No. 2016-02 is effective for annual periods beginning after December 15, 2021. The Organization is currently assessing the impact this standard will have on its financial statements.

NOTE 3 AVAILABILITY AND LIQUIDITY

The following represents the Organization's financial assets at June 30, 2020:

| | |
|---|-------------------|
| Financial Assets: | |
| Cash and Cash Equivalents | \$ 587,075 |
| Accounts Receivable | <u>25,005</u> |
| Total Financial Assets | <u>612,080</u> |
| Financial Assets Available to Meet Expenses Over the Next Year | |
| | <u>\$ 612,080</u> |

The Organization's plan is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 4 FIXED ASSETS

Fixed assets consisted of the following at June 30, 2020:

| | |
|--------------------------------|-------------------|
| Building and Improvements | \$ 555,677 |
| Medical Equipment | 77,198 |
| Computer Equipment | 43,574 |
| Vehicles | 23,652 |
| Other Equipment | <u>74,189</u> |
| Total | 774,290 |
| Less: Accumulated Depreciation | <u>(86,175)</u> |
| Fixed Assets, Net | <u>\$ 688,115</u> |

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 4 FIXED ASSETS (CONTINUED)

The useful lives for purposes of computing depreciation are as follows:

| | |
|---------------------------|-------------|
| Building and Improvements | 15-39 Years |
| Medical Equipment | 3-5 Years |
| Computer Equipment | 3-5 Years |
| Vehicles | 3-5 Years |
| Other Equipment | 3-5 Years |

Depreciation expense was \$86,230 for the year ended June 30, 2020.

NOTE 5 CONTRIBUTIONS RECEIVABLE

Contributions receivable at June 30, 2020 include the following:

| | |
|------------------------------------|---------------------|
| Donated Land Lease Due in: | |
| Less Than One Year | \$ 514,773 |
| One Year to Five Years | 2,059,092 |
| Greater Than Five Years | <u>2,059,092</u> |
| Total | <u>4,632,957</u> |
| Less: | |
| Discount to Present Value at 2.33% | <u>(501,568)</u> |
| Contributions Receivable, Net | <u>\$ 4,131,389</u> |

NOTE 6 PAYCHECK PROTECTION PROGRAM LOAN FORGIVENESS

On April 15, 2020, as part of the CARES Act, the Organization received a Paycheck Protection Program loan from the Small Business Administration for \$24,400. The Organization has met the Program's eligibility criteria as of June 30, 2020, and intends to apply for the loan forgiveness feature of the Program by the deadline. Therefore, in accordance with FASB ASC 958-605, the Organization is including these funds as a donor-restricted contribution on the June 30, 2020 Statement of Activities.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Purpose and time restricted net assets consisted of the following at June 30, 2020:

| | |
|--|---------------------|
| Contributions Receivable, Net (Note 5) | <u>\$ 4,131,389</u> |
| Total | <u>\$ 4,131,389</u> |

NOTE 8 GIFT-IN-KIND CONTRIBUTIONS

The Organization records various types of gift-in-kind contributions. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or assets, depending on the nature of the donation.

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 8 GIFT-IN-KIND CONTRIBUTIONS (CONTINUED)

On July 1, 2019, CURE International transferred its hospital operations in Afghanistan to the Organization. In addition to cash received through this transfer, the Organization received donated fixed assets, inventory and various other supplies. The Organization also incurred various liabilities through this transfer. The net in-kind contribution from CURE International was \$503,283.

The Organization received the following in-kind contributions during the year ended June 30, 2020:

| | |
|----------------------------------|---------------------|
| CURE International Transfer, Net | \$ 503,283 |
| Donated Land and Building Lease | 4,646,162 |
| Supplies | <u>3,537</u> |
| Total | <u>\$ 5,152,982</u> |

NOTE 9 ADVERTISING

The Organization expenses advertising costs as incurred. Advertising expense was \$18,376 for the year ended June 30, 2020.

NOTE 10 CONCENTRATIONS OF CREDIT RISK AND OTHER ECONOMIC RISKS

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at United States financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. Organization accounts at financial institutions exceeded the FDIC insurance limits at times throughout the year. There were no amounts in excess of the FDIC limit at June 30, 2020.

In addition, deposits held in financial institutions in Afghanistan are not covered by any government insurance. Amounts held in financial institutions in Afghanistan, in U.S. dollars, totaled \$291,400 at June 30, 2020.

The Organization's non-U.S. operations are subject to risks inherent in operating under different legal, political and economic systems. Among these risks are changes in existing tax law, possible limitation on non-U.S. investment and income repatriation, and foreign currency risks. The Organization monitors exposure to risks regularly. Net assets of non-U.S. operations were 94% of the Organization's total net assets for the year ended June 30, 2020.

NOTE 11 FOREIGN CURRENCY TRANSLATION

For BTI Afghanistan, assets and liabilities reflected in foreign currencies are translated into U.S. dollars at the rate of exchange at the Statement of Financial Position date. Accounts reflected in the Statement of Activities are translated at the average exchange rates during the year, and any gains or losses resulting from foreign currency translation are reflected in the Statement of Activities. The net effect of such translation adjustments was an increase to net assets of \$22,274 for the year ended June 30, 2020.

BE TEAM INTERNATIONAL, INC.

Notes to Financial Statements
For the Year Ended June 30, 2020

NOTE 12 RETIREMENT PLAN

The Organization established a Simple IRA plan for its U.S.-based employees. The employer contributes up to a 3% match of employee contributions to the plan. Contributions remitted to the plan were \$2,994 for the year ended June 30, 2020.

NOTE 13 SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 8, 2021, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2020, the Organization has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The full impact of the pandemic on the Organization is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.