

# **MUSTARD SEED COMMUNITY HEALTH**

## **FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT**

**Years Ended December 31, 2023 and 2022**

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## OFFICERS

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Chair..... K. Michie Harris Dew  
Vice Chair..... Liz Seymour  
Secretary..... Keith Hiatt  
Treasurer..... Scott Kutos  
Executive Director..... Chris Ringuette

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## BOARD OF DIRECTORS

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Cathy Cochran

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Renee Norris

Lyn Nyland

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Beth McKee-Huger

Kelsey White

Irene Kyere

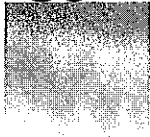
Sadie Blue

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# COSTELLO HILL & COMPANY, L.L.P.



CERTIFIED PUBLIC  
ACCOUNTANTS  
GREENSBORO,  
NORTH CAROLINA

LESTER F. HILL, CPA  
W. GREGORY ASHLEY, CPA  
SUSAN S. MOYE, CPA

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Mustard Seed Community Health  
Greensboro, North Carolina

### *Opinion*

We have audited the accompanying financial statements of Mustard Seed Community Health, (a nonprofit organization), which are comprised of the statements of financial position as of December 31, 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 financial statements referred to above present fairly, in all material respects, the financial position of Mustard Seed Community Health as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Mustard Seed Community Health and to meet our other ethical responsibilities in accordance with the 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 audit opinion.

### *Responsibilities of Management 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; 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 Mustard Seed Community Health's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

*-Continued-*

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***Auditors' Responsibility 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 generally accepted 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, including omissions, 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 generally accepted 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 Mustard Seed Community Health'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 Mustard Seed Community Health'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.

  
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Certified Public Accountants

Greensboro, NC  
July 24, 2024

**MUSTARD SEED COMMUNITY HEALTH****Statements of Financial Position****December 31, 2023 and 2022****ASSETS**

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS</b>		
Cash, cash equivalents and restricted cash	\$ 668,189	\$ 650,154
Accounts receivable:		
Contributions and grants	77,249	54,537
Sales tax refunds	<u>3,449</u>	<u>4,031</u>
<b>TOTAL CURRENT ASSETS</b>	<u>748,887</u>	<u>708,722</u>
<b>PROPERTY AND EQUIPMENT</b>		
Medical equipment	6,222	6,222
Furniture and equipment	8,902	5,302
Leasehold improvements	<u>32,118</u>	<u>32,118</u>
	47,242	43,642
Less: Accumulated depreciation	<u>27,776</u>	<u>24,564</u>
<b>TOTAL PROPERTY AND EQUIPMENT</b>	<u>19,466</u>	<u>19,078</u>
<b>OTHER ASSETS</b>		
Deposits	<u>2,167</u>	<u>1,432</u>
	<u>\$ 770,520</u>	<u>\$ 729,232</u>

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 5,565	\$ 8,655
Accrued payroll and compensated absences	<u>11,784</u>	<u>6,849</u>
<b>TOTAL CURRENT LIABILITIES</b>	<u>17,349</u>	<u>15,504</u>
<b>NET ASSETS</b>		
Assets without donor restrictions	753,171	713,727
Assets with donor restrictions	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>753,171</u>	<u>713,727</u>
	<u>\$ 770,520</u>	<u>\$ 729,231</u>

**MUSTARD SEED COMMUNITY HEALTH**  
**Statements of Activities and Changes in Net Assets**  
**For the Years Ended December 31, 2023 and 2022**

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Grants and contracts	\$ 247,370	-	\$ 247,370	261,308	\$ -	\$ 261,308
Contributions	187,522	-	187,522	233,653	-	233,653
Noncash contributions	277,747	-	277,747	11,863	-	11,863
Patient service revenue	126,795	-	126,795	89,807	-	89,807
Special events	86,714	-	86,714	92,135	-	92,135
Interest income	2,415	-	2,415	320	-	320
Miscellaneous revenue	120	-	120	345	-	345
	928,683	-	928,683	689,431	-	689,431
Net Assets Released from Restrictions	-	-	-	-	-	-
<b>TOTAL SUPPORT AND REVENUE</b>	<b>928,683</b>	<b>-</b>	<b>928,683</b>	<b>689,431</b>	<b>-</b>	<b>689,431</b>
<b>FUNCTIONAL EXPENSES</b>						
Program services	722,169	-	722,169	392,063	-	392,063
Supporting services	116,885	-	116,885	55,846	-	55,846
Fundraising expenses	50,186	-	50,186	25,372	-	25,372
<b>TOTAL FUNCTIONAL EXPENSES</b>	<b>889,240</b>	<b>-</b>	<b>889,240</b>	<b>473,281</b>	<b>-</b>	<b>473,281</b>
<b>CHANGES IN NET ASSETS</b>	<b>39,443</b>	<b>-</b>	<b>39,443</b>	<b>216,150</b>	<b>-</b>	<b>216,150</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>713,728</b>	<b>-</b>	<b>713,728</b>	<b>497,578</b>	<b>-</b>	<b>497,578</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 753,171</b>	<b>\$ -</b>	<b>\$ 753,171</b>	<b>\$ 713,728</b>	<b>\$ -</b>	<b>\$ 713,728</b>

See accompanying Notes to Financial Statements.

# MUSTARD SEED COMMUNITY HEALTH

## Statements of Functional Expenses For the Year Ended December 31, 2023

	Program Services	Supporting Services	Fundraising	Total
Salaries and wages	\$ 249,054	\$ 42,184	\$ 21,873	\$ 313,111
Employee benefits	445	-	-	445
Payroll taxes	19,584	3,436	1,726	24,746
Professional fees	13,679	13,679	-	27,358
Contract management fees	11,047	38,664	5,523	55,234
Accounting fees	5,400	5,400	-	10,800
Advertising	-	-	419	419
Office expense	20,283	6,212	1,809	28,304
Information technology	6,296	889	256	7,441
Occupancy	18,127	3,399	1,133	22,659
Depreciation	3,212	-	-	3,212
Insurance	9,646	1,702	-	11,348
Medical supplies and waste	50,147	-	-	50,147
Gifts and assistance	1,608	-	-	1,608
Licenses	252	-	-	252
Laboratory fees	23,648	-	-	23,648
Miscellaneous	9,735	1,148	177	11,060
Special events	-	-	17,251	17,251
Training and education	1,495	-	-	1,495
Dues and subscriptions	764	172	19	955
Donated goods	248,092	-	-	248,092
Donated services	29,655	-	-	29,655
<b>TOTALS</b>	<b><u>\$ 722,169</u></b>	<b><u>\$ 116,885</u></b>	<b><u>\$ 50,186</u></b>	<b><u>\$ 889,240</u></b>



# MUSTARD SEED COMMUNITY HEALTH

## Statements of Functional Expenses For the Year Ended December 31, 2022

	Program Services	Supporting Services	Fundraising	Total
Salaries and wages	\$ 224,891	\$ 34,395	\$ 5,292	\$ 264,578
Employee benefits	1,097	-	-	1,097
Payroll taxes	18,579	2,842	437	21,858
Professional fees	4,114	4,114	149	8,377
Contract labor	23,633	-	-	23,633
Accounting fees	4,975	4,975	-	9,950
Advertising	-	-	5,345	5,345
Office expense	11,850	3,720	3,158	18,728
Information technology	4,416	718	408	5,542
Occupancy	13,872	2,254	1,214	17,340
Depreciation	2,726	-	-	2,726
Insurance	9,523	1,681	-	11,204
Medical supplies and waste	46,148	-	-	46,148
Licenses	277	-	-	277
Laboratory fees	5,469	-	-	5,469
Donated services	10,843	-	-	10,843
Miscellaneous	7,502	1,040	116	8,658
Special events	-	-	9,241	9,241
Training and education	1,674	-	-	1,674
Dues and subscriptions	474	107	12	593
<b>TOTALS</b>	<u><u>\$ 392,063</u></u>	<u><u>\$ 55,846</u></u>	<u><u>\$ 25,372</u></u>	<u><u>\$ 473,281</u></u>

**MUSTARD SEED COMMUNITY HEALTH**  
**Statements of Cash Flows**  
**For the Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 39,443	\$ 216,150
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	3,212	2,726
Changes in operating assets and liabilities:		
Accounts receivable	(22,130)	(17,453)
Deposits	(735)	-
Accounts payable	(3,090)	3,184
Accrued payroll and compensated absences	4,935	(1,219)
	<u>21,635</u>	<u>203,388</u>
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	<u>(3,600)</u>	<u>-</u>
<b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>	18,035	203,388
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR</b>	<u>650,154</u>	<u>446,766</u>
<b>CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR</b>	<u><u>\$ 668,189</u></u>	<u><u>\$ 650,154</u></u>

## **MUSTARD SEED COMMUNITY HEALTH**

### **Notes to Financial Statements**

**December 31, 2023 and 2022**

#### **NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Mustard Seed Community Health (the "Organization") is a nonprofit organization, which was created and began operations in North Carolina in 2014. The Organization is dedicated to providing high quality, holistic, integrated healthcare to those in need, in an environment that dignifies and empowers the whole person. The Organization is supported primarily through donor contributions, grants, and patient service revenue. The Organization primarily serves the Cottage Grove community in Greensboro, North Carolina.

##### **Basis of Presentation**

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

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

The Organization's unspent contributions are reported in net assets with donor restrictions if the donor limited their use. When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

##### **Cash, Cash Equivalents, and Restricted Cash**

For purposes of the statement of cash flows, the Organization considers all amounts on deposit at banks or other financial institutions, and any cash on hand to be cash equivalents. All cash and cash equivalents at December 31, 2023 and at December 31, 2022 is unrestricted.

##### **Accounts Receivable**

Accounts receivable represent consideration from donors, state and local government agencies, and insurance companies of which the Organization has an unconditional right to receive. Accounts receivable are stated at the amount management expects to be collected from the outstanding balance. As of December 31, 2023, management has determined, based on historical experience, that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

## **MUSTARD SEED COMMUNITY HEALTH**

### **Notes to Financial Statements**

**December 31, 2023 and 2022**

#### **NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **Property and Equipment**

Property and equipment items are stated at original cost to the Organization when purchased, or if donated, at their estimated fair market value at the date of the donation. Depreciation is computed using the straight-line method over estimated useful lives of 5 – 15 years. Expenditures for repairs, maintenance, and other minor amounts are charged to operations as incurred.

##### **Revenue and Support**

Revenue is recognized when earned. Patient service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash or an unconditional promises to give are received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Materials and specialized services which are donated to be used in the programs of the Organization are recorded at the fair market value at the date of the contribution if such amounts may be reasonably estimated.

##### **Functional Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. The Statement of Functional Expenses presents the natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy and depreciation, as well as personnel costs, professional services, and office expenses, which are allocated on the basis of estimates of time and effort.

##### **Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

##### **Income Taxes**

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Section 501(c)(3) of the *Internal Revenue Code (IRC)* and the tax statutes of the state of North Carolina; accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization is not categorized as a private foundation and has no unrelated business income subject to federal or state income tax under Section 511 of the *IRC*.

## **MUSTARD SEED COMMUNITY HEALTH**

### **Notes to Financial Statements**

**December 31, 2023 and 2022**

#### **NOTE A. OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)**

##### **Income Taxes (Concluded)**

It is the Organization's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain and what, if any, the effect of the uncertain tax position may be on the financial statements. No material uncertain tax positions were identified for 2023 and 2022. Currently, the statute of limitations remains open subsequent to and including tax year 2020; however, no examinations are in process or anticipated.

##### **Concentration of Credit Risk**

The Organization maintains cash deposits at high-quality financial institutions which at times may exceed the amount insured by the FDIC. The Organization does not believe it is subject to any unusual credit risk as a result of these concentrations.

##### **Geographic Concentration**

The Organization conducts its operations solely in the Cottage Grove community of Greensboro, North Carolina, and, therefore, is subject to risks from changes in local economic conditions. A downturn in the local economy could cause a decrease in contributions concurrently with an increase in community need for the Organization's services.

#### **NOTE B. RELATED PARTY TRANSACTIONS**

The Organization received both unrestricted and restricted contributions from board members or the employers of board members totaling \$20,015 in 2023 and \$17,810 in 2022.

#### **NOTE C. CONDITIONAL PROMISES TO GIVE**

The Organization has conditional promises to give of \$85,614 as of December 31, 2023. These promises represent the unused portion of reimbursement grants from the State of North Carolina. The receivables are due in one year.

#### **NOTE D. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Generally accepted accounting principles require disclosure of an estimated fair value of certain financial instruments. The Organization's significant financial instruments are cash and cash equivalents, grants receivable, and other short-term assets and liabilities (all Level 1 measurements). For these financial instruments, carrying value approximates fair value due to the short maturities of these instruments or the readily available fair market information.

**MUSTARD SEED COMMUNITY HEALTH**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

**NOTE E. DONATED SERVICES AND IN-KIND SUPPORT**

The Organization may receive services and supplies without payment or compensation. Donated services are recognized as contributions if (a) they create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Supplies, services, and other noncash donations are recorded at cost or estimated fair market value determined at the date of donation. The Organization received the following nonfinancial assets for the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Laboratory services	\$ 133,846	\$ 5,605
Professional services	29,655	3,201
Retreat facilitator services	-	1,800
Cosmetics	110,700	-
Medication	1,402	-
Food	875	-
Other	<u>1,269</u>	<u>1,257</u>
<b>TOTAL</b>	<b><u>\$ 277,747</u></b>	<b><u>\$ 11,863</u></b>

**NOTE F. LEASES**

The Organization leases administrative and medical office space under an operating lease on a month-to-month basis. In 2023, the Organization entered into a new lease agreement with Cottage Grove LLC beginning August 1, 2023 and ending July 31, 2024 for a property that houses an administrative office and counselling rooms. Rental expense for real estate for years ended December 31, 2023 and 2022 was \$19,175 and \$14,640, respectively.

It also leases a scanner and a copier under an operating lease. Copier lease expense for the years ended December 31, 2023 and 2022 was \$2,829 and \$14,640, respectively.

Future minimum lease payments are as follows:

2024	\$ 7,901
2025	1,325

Since the Company has only a copier lease that is immaterial to the financial statements, no real estate leases of longer than 12 months, and no capital leases, there is no effect on these financial statements for the new accounting standard.

## MUSTARD SEED COMMUNITY HEALTH

### Notes to Financial Statements

December 31, 2023 and 2022

#### NOTE G. LIQUIDITY AND AVAILABILITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial Assets at Year-End:

Cash and cash equivalents	\$ 668,189
Contributions and grants receivable	77,249
Sales tax refunds	3,449
Less: Accounts payable and accrued liabilities	<u>(17,349)</u>

Financial Assets Available to Meet Cash Needs for  
General Expenditure Within One Year

\$ 731,538

The Organization regularly monitors liquidity required to meet its operating needs. Any short-term needs might require the use of its financial assets or the possibility of obtaining a line-of-credit.

#### NOTE H. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through July 24, 2024, which is the date the financial statements were available to be issued.