

MUSTARD SEED COMMUNITY HEALTH

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

Years Ended December 31, 2024 and 2023

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Vice Chair.....	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, 2024 and 2023, and the related statements of activities and changes in net assets, 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, 2024 and 2023, 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.

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P. O. Box 2610 • GREENSBORO, NC 27402 • 1112 MAGNOLIA STREET • GREENSBORO, NC 27401

TELE: (336) 274-3281 • FAX: (336) 370-0272

EMAIL: LHILL@COSTELLOHILL.COM • GASHLEY@COSTELLOHILL.COM • SMOYE@COSTELLOHILL.COM

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.


Certified Public Accountants

Greensboro, NC
August 1, 2025

MUSTARD SEED COMMUNITY HEALTH**Statements of Financial Position****December 31, 2024 and 2023****ASSETS**

	2024	2023
CURRENT ASSETS		
Cash, cash equivalents and restricted cash	\$ 783,616	\$ 668,189
Accounts receivable:		
Contributions and grants	106,619	77,249
Sales tax refunds	2,972	3,449
Prepaid expenses	1,531	-
TOTAL CURRENT ASSETS	894,738	748,887
PROPERTY AND EQUIPMENT		
Medical equipment	8,229	6,222
Furniture and equipment	8,902	8,902
Leasehold improvements	32,118	32,118
	49,249	47,242
Less: Accumulated depreciation	31,614	27,776
TOTAL PROPERTY AND EQUIPMENT	17,635	19,466
OTHER ASSETS		
Deposits	2,167	2,167
	\$ 914,540	\$ 770,520
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 7,040	\$ 5,565
Accrued payroll and compensated absences	14,655	11,784
TOTAL CURRENT LIABILITIES	21,695	17,349
NET ASSETS		
Assets without donor restrictions	866,561	753,171
Assets with donor restrictions	26,284	-
TOTAL NET ASSETS	892,845	753,171
	\$ 914,540	\$ 770,520

MUSTARD SEED COMMUNITY HEALTH
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE						
Grants and contracts	\$ 191,346	\$ -	\$ 191,346	\$ 247,370	\$ -	\$ 247,370
Contributions	434,966	33,000	467,966	187,522	-	187,522
Noncash contributions	327,187	-	327,187	277,747	-	277,747
Patient service revenue	154,623	-	154,623	126,795	-	126,795
Special events	11,035	-	11,035	86,714	-	86,714
Interest income	19,433	-	19,433	2,415	-	2,415
Miscellaneous revenue	137	-	137	120	-	120
	1,138,727	33,000	1,171,727	928,683	-	928,683
Net Assets Released from Restrictions	6,716	(6,716)	-	-	-	-
TOTAL SUPPORT AND REVENUE	1,145,443	26,284	1,171,727	928,683	-	928,683
FUNCTIONAL EXPENSES						
Program services	871,769	-	871,769	722,169	-	722,169
Supporting services	102,965	-	102,965	116,885	-	116,885
Fundraising expenses	57,319	-	57,319	50,186	-	50,186
	1,032,053	-	1,032,053	889,240	-	889,240
TOTAL FUNCTIONAL EXPENSES	1,032,053	-	1,032,053	889,240	-	889,240
CHANGES IN NET ASSETS	113,390	26,284	139,674	39,443	-	39,443
NET ASSETS - BEGINNING OF YEAR	753,171	-	753,171	713,728	-	713,728
NET ASSETS - END OF YEAR	\$ 866,561	\$ 26,284	\$ 892,845	\$ 753,171	\$ -	\$ 753,171

MUSTARD SEED COMMUNITY HEALTH

Statements of Functional Expenses For the Year Ended December 31, 2024

	Program Services	Supporting Services	Fundraising	Total
Salaries and wages	\$ 313,642	\$ 67,882	\$ 39,714	\$ 421,238
Employee benefits	2,018	-	-	2,018
Payroll taxes	24,883	5,193	3,038	33,114
Professional fees	3,384	3,384	-	6,768
Accounting fees	7,028	7,028	-	14,056
Advertising	-	-	346	346
Office expense	41,402	11,641	8,655	61,698
Information technology	5,168	730	341	6,239
Occupancy	27,886	5,229	1,743	34,858
Depreciation	3,838	-	-	3,838
Insurance	8,429	1,488	-	9,917
Medical supplies and waste	63,890	-	-	63,890
Gifts and assistance	18,132	-	-	18,132
Licenses	252	-	-	252
Laboratory fees	17,268	-	-	17,268
Miscellaneous	4,783	390	60	5,233
Special events	-	-	3,280	3,280
Dues and subscriptions	2,579	-	142	2,721
Donated goods	103,585	-	-	103,585
Donated services	223,602	-	-	223,602
TOTALS	<u>\$ 871,769</u>	<u>\$ 102,965</u>	<u>\$ 57,319</u>	<u>\$1,032,053</u>

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
TOTALS	<u>\$ 722,169</u>	<u>\$ 116,885</u>	<u>\$ 50,186</u>	<u>\$ 889,240</u>

MUSTARD SEED COMMUNITY HEALTH
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 139,674	\$ 39,443
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Depreciation	3,838	3,212
Changes in operating assets and liabilities:		
Accounts receivable	(28,893)	(22,130)
Deposits	-	(735)
Prepaid expenses	(1,531)	-
Accounts payable	1,475	(3,090)
Accrued payroll and compensated absences	<u>2,871</u>	<u>4,935</u>
 CASH PROVIDED BY OPERATING ACTIVITIES	 <u>117,434</u>	 <u>21,635</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	<u>(2,007)</u>	<u>(3,600)</u>
 NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	 115,427	 18,035
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, BEGINNING OF YEAR	 <u>668,189</u>	 <u>650,154</u>
 CASH, CASH EQUIVALENTS, AND RESTRICTED CASH, END OF YEAR	 <u><u>\$ 783,616</u></u>	 <u><u>\$ 668,189</u></u>

MUSTARD SEED COMMUNITY HEALTH

Notes to Financial Statements

December 31, 2024 and 2023

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, 2024 and at December 31, 2023 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, 2024, 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, 2024 and 2023

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, 2024 and 2023

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 2024 and 2023. Currently, the statute of limitations remains open subsequent to and including tax year 2021; 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 \$8,071 in 2024 and \$20,015 in 2023.

NOTE C. CONDITIONAL PROMISES TO GIVE

The Organization has conditional promises to give of \$113,481 as of December 31, 2024. These promises represent the unused portion of reimbursement grants from the State of North Carolina and grants from donors requiring performance-related barriers. 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, 2024 and 2023

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, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Laboratory services	\$ 131,003	\$ 133,846
Professional services	1,703	29,655
Medical services	90,896	-
Cosmetics	90,285	110,700
Medication	2,565	1,402
Food	3,058	875
Other	<u>7,677</u>	<u>1,269</u>
TOTAL	<u>\$ 327,187</u>	<u>\$ 277,747</u>

NOTE F. LEASES

The Organization leases administrative and medical office space under an operating lease on a month-to-month basis. In 2024, the Organization entered into a new lease agreement with Cottage Grove LLC beginning August 1, 2024 and ending January 31, 2025 for a property that houses an administrative office and counselling rooms. Rental expense for real estate for years ended December 31, 2024 and 2023 was \$29,600 and \$19,175, respectively.

It also leases a scanner and a copier under an operating lease. Copier lease expense for the years ended December 31, 2024 and 2023 was \$2,819 and \$2,829, respectively.

Future minimum lease payments are as follows:

2025	\$ 1,325
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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, 2024 and 2023

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	\$ 783,616
Contributions and grants receivable	106,619
Sales tax refunds	2,972
Less: Accounts payable and accrued liabilities	(21,695)
Less: Donor- restricted assets	<u>(26,284)</u>
Financial Assets Available to Meet Cash Needs for General Expenditure Within One Year	<u>\$ 845,228</u>

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. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

	<u>2024</u>	<u>2023</u>
Women to Women Grant – Prevent illness in women and children through vaccination	\$ 21,284	\$ -
Foundation for Music-Based Learning – Purchase of back-up power source	<u>5,000</u>	<u>-</u>
TOTALS	<u>\$ 26,284</u>	<u>\$ -</u>

NOTE I. SUBSEQUENT EVENTS

The Organization has evaluated events and transactions for potential recognition or disclosure through August 1, 2025, which is the date the financial statements were available to be issued.

In March 2025, the Organization entered into a letter of intent to purchase property for \$500,000 to be used as its' medical and administrative offices. The board has decided to secure a loan to finance the purchase which is expected to close during 2025.