



**THE MUSTARD SEED OF CENTRAL  
FLORIDA, INC.**

**FINANCIAL STATEMENTS**

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

*And Report of Independent Auditor*

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
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## **Independent Auditor's Report**

To the Members of the Board of Directors  
The Mustard Seed of Central Florida, Inc.  
Orlando, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Mustard Seed of Central Florida, Inc. (a Florida not-for-profit organization) (the "Organization"), which comprise the statements of financial position for the years ended June 30, 2018 and 2017, 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.

### **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 of 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 Organization'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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mustard Seed of Central Florida, Inc. for the years ended June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Cheryl Behrman LLP*

Orlando, Florida  
August 30, 2018

## **FINANCIAL STATEMENTS**

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

*JUNE 30, 2018 AND 2017*

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets:		
Cash and cash equivalents	\$ 134,761	\$ 104,304
Contributions and grants receivable	21,093	16,109
Inventory of household good and clothing	77,662	99,839
Total current assets	<u>233,516</u>	<u>220,252</u>
Land, building and equipment, net:		
Land	260,000	260,000
Building and improvements	1,079,601	1,079,601
Furniture and equipment	116,555	129,389
Vehicles	132,824	90,294
	<u>1,588,980</u>	<u>1,559,284</u>
Less: accumulated depreciation	(662,829)	(615,910)
Total land, building and equipment, net	<u>926,151</u>	<u>943,374</u>
<b>Total assets</b>	<u><u>\$ 1,159,667</u></u>	<u><u>\$ 1,163,626</u></u>
<b><u>Liabilities and Net Assets</u></b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 28,726	\$ 34,866
Loans payable- current	108,327	7,497
Total current liabilities	<u>137,053</u>	<u>42,363</u>
Loans payable	18,955	127,805
Total liabilities	<u>156,008</u>	<u>170,168</u>
Net assets-		
Unrestricted net assets	<u>1,003,659</u>	<u>993,458</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 1,159,667</u></u>	<u><u>\$ 1,163,626</u></u>

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

*YEARS ENDED JUNE 30, 2018 AND 2017*

	<u>2018</u>	<u>2017</u>
<b>Unrestricted net assets</b>		
Support:		
In-kind donations	\$ 591,701	\$ 342,225
Clothing, furniture and pick-up fees	452,353	357,681
Contributions and grants	212,454	186,599
Recycling	206,954	134,945
Fundraisers and special events	95,803	79,279
Other	18	211
	<u>1,559,283</u>	<u>1,100,940</u>
Expenses:		
Program services:		
Resource center	1,327,038	932,430
Supporting services:		
Management and general	144,812	126,070
Fundraising	77,232	50,207
	<u>1,549,082</u>	<u>1,108,707</u>
Changes in net assets	10,201	(7,767)
Net assets, beginning of year	<u>993,458</u>	<u>1,001,225</u>
Net assets, end of year	<u>\$ 1,003,659</u>	<u>\$ 993,458</u>

See accompanying notes to financial statements.

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED JUNE 30, 2018

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Employment Expenses	\$ 478,802	\$ 76,845	\$ 35,467	\$ 591,114
Distributions to Needy Individuals and Families	613,848	-	-	613,848
Depreciation	51,985	7,768	-	59,753
Vehicle Expenses	43,323	-	-	43,323
Facilities and Equipment	31,002	3,832	-	34,834
Utilities and Telephone	50,281	14,464	4,133	68,878
Operations	21,405	7,339	1,835	30,578
Insurance	17,167	9,287	1,689	28,142
Legal and Professional Fees	-	12,988	-	12,988
Marketing and Fundraising	-	-	33,674	33,674
Bank Charges	-	11,347	-	11,347
Sales Tax	10,471	-	-	10,471
Recycling Expense	2,882	-	-	2,882
Misc Expenses	5,873	943	435	7,250
<b>Total expenses</b>	<b>\$ 1,327,038</b>	<b>\$ 144,812</b>	<b>\$ 77,232</b>	<b>\$ 1,549,082</b>



**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED JUNE 30, 2017*

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Employment Expenses	\$ 410,495	\$ 65,882	\$ 30,407	\$ 506,784
Distributions to Needy Individuals and Families	329,545	-	-	329,545
Depreciation	43,675	6,526	-	50,201
Vehicle Expenses	42,559	-	-	42,559
Facilities and Equipment	30,982	3,829	-	34,811
Utilities and Telephone	25,278	7,272	2,078	34,628
Operations	18,263	6,262	1,565	26,090
Insurance	14,099	7,627	1,387	23,113
Legal and Professional Fees	-	16,391	-	16,391
Marketing and Fundraising	-	-	14,488	14,488
Bank Charges	-	11,671	-	11,671
Sales Tax	6,967	-	-	6,967
Recycling Expense	6,764	-	-	6,764
Misc Expenses	3,803	610	282	4,695
<b>Total expenses</b>	<b>\$ 932,430</b>	<b>\$ 126,070</b>	<b>\$ 50,207</b>	<b>\$ 1,108,707</b>

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
<b>Cash flows from operating activities:</b>		
Changes in net assets	\$ 10,201	\$ (7,767)
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	59,753	50,201
Increases (decreases) in cash due to changes in:		
Contributions and grants receivable	(4,984)	(7,868)
Inventory of household goods and clothing	22,177	(10,950)
Accounts payable and accrued expenses	<u>(6,140)</u>	<u>18,377</u>
Net cash provided in operating activities	<u>81,007</u>	<u>41,993</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	<u>(42,530)</u>	<u>(37,389)</u>
<b>Cash flows from financing activities:</b>		
Payments on loans payable	(35,550)	(30,968)
Proceeds of long-term debt	<u>27,530</u>	<u>-</u>
Net cash used in financing activities	<u>(8,020)</u>	<u>(30,968)</u>
Increase (decrease) in cash and cash equivalents	30,457	(26,364)
Cash and cash equivalents at beginning of year	<u>104,304</u>	<u>130,668</u>
Cash and cash equivalents at end of year	<u><u>134,761</u></u>	<u><u>\$ 104,304</u></u>
Supplemental disclosure of cash flow information-		
Cash paid for interest	<u><u>\$ 6,039</u></u>	<u><u>\$ 7,472</u></u>

# THE MUSTARD SEED OF CENTRAL FLORIDA, INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

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### **Note 1 – Organization**

The Mustard Seed of Central Florida, Inc. (the “Organization”) was incorporated in the State of Florida as a not-for-profit corporation on June 6, 1988, for the purpose of providing direct public assistance to needy families in the Central Florida area. The Organization collects donations of household furniture and fixtures, clothing, cooking items, and personal goods and redistributes them to needy individuals and families. The primary sources of support are from donor contributions, private foundation grants, application fees, furniture sales, and recycling.

### **Note 2 – Summary of Significant Accounting Policies**

#### **a) Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting.

#### **b) Basis of Presentation**

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

Unrestricted- Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets may be designed for specific purposes by action of the Board of Directors.

Temporarily restricted- Net assets whose use by the Organization is subject to donor-imposed restrictions that can be fulfilled by actions of the Organization pursuant to those restrictions or that expire by the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. There were no temporarily restricted net assets as of June 30, 2018 and 2017.

Permanently restricted- Net assets subject to donor-imposed restrictions that they be maintained permanently by the Organization. There were no permanently restricted assets as of June 30, 2018 and 2017.

Contributions received with donor-imposed restrictions that are met in the same year as they are received are reported as unrestricted. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

#### **c) Cash and Cash Equivalents**

Cash and cash equivalents include all cash on hand, deposits in banks and highly liquid investments with an original maturity of three months or less when purchased.

#### **d) Geographic Concentration**

The Organization relies on donations from Central Florida residents and businesses. Changes in the local economy could significantly impact the Organization's operations.

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2018 AND 2017

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**Note 2 – Summary of Significant Accounting Policies (continued)**

**e) Contributions and Grants Receivable**

Contributions and grants receivable are stated at net realizable value. Management closely monitors outstanding accounts receivable and charges off to expense any balances that are determined to be uncollectible. There was no allowance for doubtful accounts recorded at June 30, 2018 and 2017.

**f) Donated Inventory**

The Organization receives numerous amounts and types of household and personal goods and clothing as donations to be redistributed to needy families. These donated inventory items are recorded as a component of in-kind donations and as inventory. They are valued at their fair market value at the time of the donation based on values reflected on internet websites listing tax deductible values. Such donations are reported as unrestricted unless the donor has restricted the donated materials for a specific purpose.

**g) Donated Services**

The Organization recognizes contribution revenue for certain services received at the fair value of those services, provided those services create or enhance non-financial assets or require specialized skills, which are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no donated services of this type during the fiscal years ended June 30, 2018 and 2017.

A substantial number of unpaid volunteers have made significant contributions of their time to provide assistance to the Organization in its program and support activities. The value of these services is not reflected in the statement of activities since it is not susceptible to objective measurement or valuation.

**h) Land, Building, and Equipment**

Property and equipment are stated at cost, if purchased, or fair market value, if donated. Improvements and betterments with useful lives of more than one year are capitalized; routine repair and maintenance costs are expensed as incurred.

Depreciation is provided in amounts sufficient to charge the cost of depreciable assets to operations over their estimated service lives using the straight-line method.

The estimated useful lives are as follows:

Buildings and improvements	39 years
Furniture and equipment	5-7 years
Vehicles	5 years

Depreciation expense totaled \$59,753 and \$50,201 for the years ended June 30, 2018, and 2017, respectively.

**i) Recycling Revenue**

The Organization has a Recycling Program whereby mattresses and box springs are deconstructed. The Organization may charge a fee for the receipt of the mattresses and box springs. The Organization also sells the deconstructed recyclable materials to third parties.

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

YEARS ENDED JUNE 30, 2018 AND 2017

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**Note 2 – Summary of Significant Accounting Policies (continued)**

***j) Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida Income Tax Code. The Organization is treated as a disregarded entity for federal tax purposes and has not incurred unrelated business income taxes.

***k) Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of support and revenue and expenses during the reporting period. Actual results could differ from these estimates.

***l) Functional Expense Allocation***

The costs incurred by the Organization have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain expenses attributable to program services and general and administrative expenses were allocated by management based upon an estimate of the time the employees were involved and/or the percentage of assets utilized.

***m) Subsequent Events***

The Organization has performed an evaluation of subsequent events through August 30, 2018, which is the date the financial statements were available to be issued.

**Note 3- Inventory**

Inventory is valued at estimated fair value at the time of donation. The inventory of donated furniture, household goods and clothing consists of the following at June 30:

	<b>2018</b>	<b>2017</b>
Furniture and household goods	\$ 44,828	\$ 65,228
Clothing	32,834	34,611
	<u>\$ 77,662</u>	<u>\$ 99,839</u>

**THE MUSTARD SEED OF CENTRAL FLORIDA, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

*YEARS ENDED JUNE 30, 2018 AND 2017*

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**Note 4- Loans Payable**

On July 24, 2014, the Organization signed a five year, \$200,000 interest bearing loan payable. The loan payable to the bank bears a fixed interest rate of 4.50% with monthly installments of principal and interest of \$1,120 and a balloon payment at maturity, June 24, 2019. The amount outstanding on this loan payable was \$102,911 and \$135,302 at June 30, 2018 and 2017, respectively.

In addition, on November 14, 2017, the Organization purchased a truck from Maudlin International Trucks, Inc. in the amount of \$42,530. A down payment of \$15,000 was made at the time of purchase, and the Organization took a loan from Maudlin for the remaining amount of \$27,530. This loan payable has a 0% interest rate with monthly principal installments of \$451. The final payment for this loan will be made in December 2022. The amount outstanding on this loan payable was \$24,371 at June 30, 2018.

Following are maturities of long-term debt for the next five years:

Year ending June 30,	
2019	\$ 108,327
2020	5,416
2021	5,416
2022	5,416
2023	2,707
	<u>127,282</u>
Current portion	108,327
Long-term portion	<u>\$ 18,955</u>