

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

FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

THE MUSTARD SEED OF CENTRAL FLORIDA, INC.
TABLE OF CONTENTS

REPORT OF INDEPENDENT AUDITOR 1

FINANCIAL STATEMENTS

 Statements of Financial Position 2

 Statements of Activities and Changes in Net Assets 3

 Statements of Functional Expenses 4-5

 Statements of Cash Flows 6

 Notes to the Financial Statements 7-10

Report of Independent Auditor

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 nonprofit organization) (the "Organization"), which comprise the statements of financial position for the years ended June 30, 2021 and 2020, 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 audits. We conducted our audits 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 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.

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, 2021 and 2020, 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.



Orlando, Florida
August 27, 2021

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

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 231,176	\$ 187,056
Contributions and grants receivable	15,784	13,526
Inventory of household goods and clothing	75,338	77,322
Total Current Assets	<u>322,298</u>	<u>277,904</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	116,555
Vehicles	161,070	154,360
	<u>1,617,226</u>	<u>1,610,516</u>
Less accumulated depreciation	<u>(796,338)</u>	<u>(749,500)</u>
Total Land, Building and Equipment, Net	<u>820,888</u>	<u>861,016</u>
Total Assets	<u><u>\$ 1,143,186</u></u>	<u><u>\$ 1,138,920</u></u>
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 33,387	\$ 40,454
Loans payable - current	10,969	61,737
Total Current Liabilities	<u>44,356</u>	<u>102,191</u>
Loans payable	<u>66,653</u>	<u>161,694</u>
Total Liabilities	<u>111,009</u>	<u>263,885</u>
Net Assets:		
Without donor restrictions	<u>1,032,177</u>	<u>875,035</u>
Total Liabilities and Net Assets	<u><u>\$ 1,143,186</u></u>	<u><u>\$ 1,138,920</u></u>

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

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Net Assets Without Donor Restrictions		
Revenues:		
Support:		
In-kind donations	\$ 402,030	\$ 368,870
Clothing, furniture and pick-up fees	366,397	345,911
Contributions and grants	445,081	322,857
Recycling	101,004	114,083
Fundraisers and special events	<u>27,737</u>	<u>42,351</u>
Total Support	1,342,249	1,194,072
Gain on extinguishment of debt	106,682	-
Gain on disposal of vehicle	-	4,500
Gain from insurance proceeds	<u>8,213</u>	<u>-</u>
Total Revenues	<u>1,457,144</u>	<u>1,198,572</u>
Expenses:		
Program Services:		
Resource center	1,124,805	1,045,333
Supporting Services:		
Management and general	122,166	131,939
Fundraising	<u>53,031</u>	<u>74,938</u>
Total Expenses	<u>1,300,002</u>	<u>1,252,210</u>
Changes in net assets	157,142	(53,638)
Net assets without donor restrictions, beginning of year	<u>875,035</u>	<u>928,673</u>
Net assets without donor restrictions, end of year	<u><u>\$ 1,032,177</u></u>	<u><u>\$ 875,035</u></u>

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

YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Employment	\$ 466,560	\$ 74,880	\$ 34,560	\$ 576,000
Distributions to needy individuals and families	404,014	-	-	404,014
Depreciation	53,799	8,039	-	61,838
Vehicle	29,773	-	-	29,773
Facilities and equipment	41,454	5,123	-	46,577
Utilities and telephone	26,270	3,482	1,899	31,651
Operations	31,929	10,947	2,737	45,613
Insurance	37,510	6,564	2,813	46,887
Legal and professional fees	6,000	6,000	-	12,000
Marketing and fundraising	-	-	10,692	10,692
Bank charges	6,418	6,417	-	12,835
Sales tax	6,256	-	-	6,256
Recycling	10,373	-	-	10,373
Miscellaneous	4,449	714	330	5,493
Total Expenses	<u>\$ 1,124,805</u>	<u>\$ 122,166</u>	<u>\$ 53,031</u>	<u>\$ 1,300,002</u>

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

YEAR ENDED JUNE 30, 2020

	Program Services	Management and General	Fundraising	Total
Employment	\$ 464,830	\$ 74,602	\$ 34,432	\$ 573,864
Distributions to needy individuals and families	356,014	-	-	356,014
Depreciation	52,478	7,842	-	60,320
Vehicle	35,439	-	-	35,439
Facilities and equipment	38,879	4,805	-	43,684
Utilities and telephone	29,459	3,904	2,130	35,493
Operations	19,139	6,562	1,641	27,342
Insurance	30,959	5,418	2,322	38,699
Legal and professional fees	-	12,857	-	12,857
Marketing and fundraising	-	-	34,193	34,193
Bank charges	-	15,473	-	15,473
Sales tax	5,123	-	-	5,123
Recycling	10,048	-	-	10,048
Miscellaneous	2,965	476	220	3,661
Total Expenses	\$ 1,045,333	\$ 131,939	\$ 74,938	\$ 1,252,210

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

YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 157,142	\$ (53,638)
Adjustments to reconcile changes in net assets to net cash flows from operating activities:		
Depreciation	61,838	60,320
Gain on disposal of vehicle	-	(4,500)
Gain on extinguishment of debt	(106,682)	-
Increases (decreases) in cash due to changes in:		
Contributions and grants receivable	(2,258)	18,597
Inventory of household goods and clothing	1,984	(12,856)
Accounts payable and accrued expenses	(7,067)	11,175
Net cash flows from operating activities	<u>104,957</u>	<u>19,098</u>
Cash flows from investing activities:		
Purchase of vehicle	<u>(21,710)</u>	<u>(50,455)</u>
Cash flows from financing activities:		
Payments on loans payable	(39,127)	(104,416)
Proceeds of long-term debt	-	214,137
Net cash flows from financing activities	<u>(39,127)</u>	<u>109,721</u>
Increase in cash and cash equivalents	44,120	78,364
Cash and cash equivalents, beginning of year	<u>187,056</u>	<u>108,692</u>
Cash and cash equivalents, end of year	<u>\$ 231,176</u>	<u>\$ 187,056</u>
Supplemental disclosure of cash flow information-		
Cash paid for interest	<u>\$ 4,290</u>	<u>\$ 9,866</u>
Loan extinguished through forgiveness	<u>\$ 106,682</u>	<u>\$ -</u>

THE MUSTARD SEED OF CENTRAL FLORIDA, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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

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

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:

Without Donor Restrictions – include net assets that are not subject to donor-imposed stipulations. These net assets may be designed for specific purposes by action of the Board of Directors.

With Donor Restrictions – include net assets subject to donor-imposed stipulations that may expire with the passage of time, that may be satisfied by actions of the Organization or that may be maintained permanently. When donor stipulations expire, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from donor restrictions. There were no net assets with donor restrictions as of June 30, 2021 or 2020.

Contributions received with donor-imposed restrictions that are met in the same year as they are received are reported as without donor restrictions. All contributions are considered to be available for general operations unless specifically restricted by the donor.

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.

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.

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, 2021 and 2020.

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 net assets without donor restrictions unless the donor has restricted the donated materials for a specific purpose.

THE MUSTARD SEED OF CENTRAL FLORIDA, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

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, 2021 and 2020.

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.

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 \$61,838 and \$60,320 for the years ended June 30, 2021, and 2020, respectively.

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.

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 Statutes.

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 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.

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, management and general and fundraising expenses were allocated by management based upon an estimate of the time the employees were involved and/or the percentage of assets utilized.

Subsequent Events – The organization has performed an evaluation of the subsequent events through August 27, 2021, which is the date the financial statements were available to be issued.

THE MUSTARD SEED OF CENTRAL FLORIDA, INC.

NOTES TO THE FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2021 AND 2020

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:

	2021	2020
Furniture and household goods	\$ 29,262	\$ 38,927
Clothing	46,076	38,395
	<u>\$ 75,338</u>	<u>\$ 77,322</u>

Note 4—Loans payable

On July 10, 2019, the Organization entered into a \$100,000 interest bearing loan payable with a maturity date of August 1, 2024. The loan payable bears a fixed interest rate of 5.00%, with monthly installments of principal and interest of \$664 and a balloon payment at maturity. The loan payable provided immediate proceeds to pay the outstanding balloon payment of the \$200,000 interest bearing loan payable mentioned above. In January 2021, the Organization made an additional payment of \$25,000 to pay down a portion of the loan balance. The amount outstanding on this loan payable was \$68,596 and \$97,292 at June 30, 2021 and 2020, 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 \$9,026 and \$13,990 at June 30, 2021 and 2020, respectively.

On November 26, 2019, the Organization purchased a truck from Maudlin International Trucks, Inc. in the amount of \$54,500. A trade-in of a vehicle for \$4,500 and a down payment of \$43,000 was made at the time of purchase, and the Organization took a loan from Maudlin for the remaining amount of \$7,455. This loan payable has a 0% interest rate, with monthly principal installments of \$497 over 15 months. The final payment was made in May of 2021. The amount outstanding on this loan payable was \$5,467 at June 30, 2020.

On April 19, 2020, the Organization was granted a loan from Iberia Bank in the amount of \$106,682, pursuant to the Paycheck Protection Program ("PPP") under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, which was enacted on March 27, 2020. The PPP provides for loans to qualifying businesses for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying business. The loan and accrued interest are forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. In June 2021, the Organization received full forgiveness of the PPP loan in the amount of \$106,682. The amount was recognized as gain on extinguishment of debt for the fiscal year ended June 30, 2021.

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

YEARS ENDED JUNE 30, 2021 AND 2020

Note 4—Loans payable (continued)

Following are maturities of long-term debt by year:

<u>Years Ending June 30,</u>	<u>Loans Payable</u>
2022	\$ 10,969
2023	7,596
2024	5,139
2025	53,918
	<u>77,622</u>
Current portion	10,969
Long-term portion	<u>\$ 66,653</u>

Note 5—Line of credit

On July 10, 2019, the Organization agreed to a line of credit agreement for \$150,000 with MidFlorida Bank. The line bears interest at the daily Prime Rate and matures in July 2024. The line is secured by the property of the Organization. The Organization made no draws on the Line of Credit during the years ended June 30, 2021 and 2020; there are no amounts outstanding related to the Line of Credit as of June 30, 2021 and 2020.

Note 6—Liquidity

The following table reflects the Organization's financial assets as of June 30 (which excludes inventory of household goods and clothing and property and equipment).

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 231,176	\$ 187,056
Contributions and grants receivable	15,784	13,526
Financial assets at end of year	<u>246,960</u>	<u>200,582</u>
Add: Line of credit	<u>150,000</u>	<u>150,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 396,960</u>	<u>\$ 350,582</u>

As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.