

Mustard Seed Network
Auditor's Report and Financial Statements
For the year ended
June 30, 2023



W. BENMILLER, CPALLC

Mustard Seed Network
For the Year Ended June 30, 2023

Table of Contents

Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7



W. BENMILLER, CPA LLC

INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors of
Mustard Seed Network**

Opinion

We have audited the accompanying financial statements of Mustard Seed Network (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses and cash flows for the year 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 Network as of June 30, 2023, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mustard Seed Network 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 the 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 Network's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 auditor's 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 Network'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 Network'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.



W. Ben Miller, CPA LLC
Webb City, Missouri
December 22, 2023

**Mustard Seed Network
Statement of Financial Position
June 30, 2023**

Current Assets	
Cash and cash equivalents, unrestricted	\$ 2,906,527
Other receivables	<u>17,709</u>
Total current assets	<u>2,924,236</u>
Other Assets	
Investments	<u>1,516,477</u>
Total other assets	<u>1,516,477</u>
Total Assets	<u><u>\$ 4,440,713</u></u>
Current Liabilities	
Credit card payable	10,581
Accrued liabilities	<u>222</u>
Total current liabilities	<u>10,803</u>
Net Assets	
Without donor restrictions	<u>4,429,910</u>
Total net assets	<u>4,429,910</u>
Total Liabilities and Net Assets	<u><u>\$ 4,440,713</u></u>

See independent auditor's report and notes to the financial statements

**Mustard Seed Network
Statement of Activities
For the Year Ended June 30, 2023**

Without Donor Restrictions	
Revenues and gains	
Grants and contributions	\$ 3,851,949
Interest and dividends	73,879
Unrealized gain on investments	8,231
Total revenues and gains	3,934,059
Support provided by expiring time and purpose restrictions	-
Total unrestricted revenues and gains and other support	3,934,059
 Expenses	
Program services	2,939,355
Management and general	214,490
Fundraising	194,642
Total expenses	3,348,487
Increase in unrestricted net assets	585,572
 With Donor Restrictions	
Contributions	-
Expenditures that meet purpose restrictions	-
Change in net assets with donor restrictions	-
Change in Net Assets	585,572
Net Assets, Beginning of Year	3,844,338
Net Assets, End of Year	\$ 4,429,910

See independent auditor's report and notes to the financial statements

Mustard Seed Network
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services			Support Services				Total Expenses
	Missionary Payroll	Grant Requests from Churches	Missionary Recruitment Training & Placement	Total Program Services	Management & General	Fundraising	Total Support Services	
Salaries	\$ 1,569,969	\$ -	\$ -	\$ 1,569,969	\$ 57,969	\$ 92,151	\$ 150,120	\$ 1,720,089
Taxable Reimbursement	396,107	-	-	396,107	-	-	-	396,107
Grant Requests	-	821,736	-	821,736	-	-	-	821,736
Internship Program	-	-	12,460	12,460	-	-	-	12,460
Survey Trips	-	-	35,511	35,511	-	-	-	35,511
Pastoral Development	-	-	30,964	30,964	-	-	-	30,964
Missionary Training & Relocation Training	-	-	9,073	9,073	-	-	-	9,073
Other Program Services	-	-	61,161	61,161	-	-	-	61,161
Administrative Expenses	-	-	2,375	2,375	-	-	-	2,375
Meetings	-	-	-	-	12,980	-	12,980	12,980
Promotional	-	-	-	-	18,644	-	18,644	18,644
Other General Expenses	-	-	-	-	14,584	-	14,584	14,584
Trace/ICOM & Conventions	-	-	-	-	82,450	-	82,450	82,450
Fundraising Trips	-	-	-	-	27,863	-	27,863	27,863
	-	-	-	-	-	102,491	102,491	102,491
	<u>\$ 1,966,076</u>	<u>\$ 821,736</u>	<u>\$ 151,544</u>	<u>\$ 2,939,356</u>	<u>\$ 214,490</u>	<u>\$ 194,642</u>	<u>\$ 409,132</u>	<u>\$ 3,348,488</u>

See independent auditor's report and notes to the financial statements

**Mustard Seed Network
Statement of Cash Flows
For the Year Ended June 30, 2023**

Cash Flows From Operating Activities	
Change in net assets	\$ 585,572
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Gain) loss on investments	(8,231)
Changes in operating assets and liabilities	
(Increase) decrease in other receivables	(17,709)
Increase (decrease) in credit card payable	4,602
Increase (decrease) in payroll liabilities	(119)
Net cash flows from operating activities	<u>564,115</u>
Cash Flows From Investing Activities	
Purchase of investments	<u>(1,453,016)</u>
Net cash flows from operating activities	<u>(1,453,016)</u>
Net Decrease in Cash and Cash Equivalents	<u>(888,901)</u>
Cash and Cash Equivalents - Beginning of Year	<u>3,795,428</u>
Cash and Cash Equivalents - End of Year	<u>\$ 2,906,527</u>
Interest Paid	<u>\$ -</u>

See independent auditor's report and notes to the financial statements

Mustard Seed Network
Notes to the Financial Statements
June 30, 2023

Note 1 – Nature of Activities and Significant Accounting Policies

Nature of Activities - The Mustard Seed Network (Organization) is a not-for-profit organization whose mission is to facilitate the establishment of new Christian churches throughout the world with a specific focus on the nation of Japan. The Organization's operations include: missionary recruitment, training, and placement; providing compensation to missionaries placed in strategic church plant locations; and making grants to church plants. The Organization's primary sources of revenue are private contributions.

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. The Organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

Cash and cash equivalents - For purposes of the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Net Assets - The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for 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

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class 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. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

See independent auditor's report

Mustard Seed Network
Notes to the Financial Statements
June 30, 2023

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Classification of Transactions - All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Contributed Services No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services. During the year ended June 30, 2023, administrative services were provided by employees of Christ's Church of Orono. No amounts have been recorded in these financial statements related to these services.

Accounting for Contributions - Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until the payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met. In the event the Organization becomes a beneficiary of a will or trust, contributions from bequests are recognized as contributions receivable when the probate court declares that the will is valid and the organization has an irrevocable right to the bequest.

Expense Recognition and Allocation - The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

- Salaries and wages, benefits, and payroll taxes are allocated based on activity reports prepared by key personnel.
- Other costs are allocated based on tracking by management and consistent use of general ledger coding.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising.

See independent auditor's report

Mustard Seed Network
Notes to the Financial Statements
June 30, 2023

Note 1 – Nature of Activities and Significant Accounting Policies (continued)

Income Tax Status - The organization is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC), though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.

Estimates The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 – Significant Concentrations of Credit Risk

Concentration of Credit Risk - The Organization maintains its cash balances at financial institutions located in Southwest Missouri. Accounts held by the institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. From time to time the balance in the accounts exceeds the insured limit. At June 30, 2023, the Organization's uninsured cash balance was \$562. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk to cash.

Note 3 – Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2023 are:

Financial assets	
Cash and cash equivalents	\$ 2,906,527
Other receivable	17,709
Total financial assets	<u>2,924,236</u>
 Less financial assets held to meet donor-imposed restrictions	
Net asset with donor restrictions	<u>-</u>
 Amount available for general expenditures	 <u><u>2,924,236</u></u>

See independent auditor's report

Mustard Seed Network
Notes to the Financial Statements
June 30, 2023

Note 4 – Investments

Investments in equity securities having a readily determinable fair value and all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income and realized and unrealized gains and losses on investments carried at fair value. Investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

Investments at June 30, 2023 consisted of the following:

Cash and cash equivalents	\$ 659
Certificates of deposit	623,374
US treasury notes	892,444
	<u>\$ 1,516,477</u>

Realized and unrealized gains and losses included in change in net assets for 2023 are included in total investment return. Total investment return as reported in the statement of activities is comprised of the following:

Interest and dividends	\$ 73,879
Unrealized gain on investments	8,231
	<u>\$ 82,110</u>

Note 5 - Disclosures About Fair Value of Assets and Liabilities

FASB Accounting Standards Codification (ASC) Topic 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Topic 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities.

- Level 2 Observable inputs other than Level 1 inputs, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

See independent auditor's report

Mustard Seed Network
Notes to the Financial Statements
June 30, 2023

Note 5 - Disclosures About Fair Value of Assets and Liabilities (continued)

Following is a description of the valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Investments Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. The Organization invests in cash, certificates of deposits, and US treasury notes. Investments held by the organization are classified as Level 1 securities, with a fair market value at June 30, 2023 of \$1,516,477.

Note 6 – Evaluation of Subsequent Events

The Organization has evaluated subsequent events through December 22, 2023, the date which the financial statements were available to be issued.

See independent auditor's report