

Martha's Table, Inc.

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION,
INDEPENDENT AUDITORS' REPORT,
AND ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
FOR THE YEARS ENDED
DECEMBER 31, 2009 AND 2008

WATKINS | MEEGAN

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Independent Auditors' Report

Board of Directors
Martha's Table, Inc.
Washington, D.C.

We have audited the accompanying statements of financial position of Martha's Table, Inc. (Martha's Table), as of December 31, 2009 and 2008, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Martha's Table's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martha's Table, Inc., as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 8, 2010, on our consideration of Martha's Table's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of this report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Bethesda, Maryland
November 8, 2010

MARTHA'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31,	
	2009	2008
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 187,994	\$ 1,034,812
Accounts Receivable	313,042	135,502
Grants Receivable	111,334	120,136
Certificates of Deposit	2,099,601	996,631
Pledges Receivable	75,619	275,619
Prepaid Expenses	25,856	49,383
Total Current Assets	2,813,446	2,612,083
LAND, BUILDINGS AND IMPROVEMENTS, FURNITURE, AND EQUIPMENT, NET	3,198,196	3,470,784
	\$ 6,011,642	\$ 6,082,867
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 182,805	\$ 209,215
Capital Lease Obligation, Current Portion	-	2,907
Total Current Liabilities	182,805	212,122
NET ASSETS		
Unrestricted:		
Board Designated - Reserve Fund	300,000	-
Operating	5,528,837	5,870,745
	5,828,837	5,870,745
	\$ 6,011,642	\$ 6,082,867

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2009 AND 2008

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES						
Contributions and Grants						
Individuals	\$ 669,432	\$ 5,501	\$ 674,933	\$ 885,623	\$ 31,772	\$ 917,395
Corporations	142,135	59,057	201,192	84,775	25,202	109,977
Foundations	366,358	314,790	681,148	690,792	382,375	1,073,167
Civic and Religious Groups	90,594	6,431	97,025	39,636	37,936	77,572
Combined Federal Campaign	373,164	-	373,164	369,114	-	369,114
Federal and State Funds	1,089,593	-	1,089,593	1,022,817	-	1,022,817
	2,731,276	385,779	3,117,055	3,092,757	477,285	3,570,042
In-Kind Contributions						
Donated Food	961,123	-	961,123	957,610	-	957,610
Donated Clothing and Other Items	888,163	-	888,163	907,373	-	907,373
Donated Investments	24,092	-	24,092	31,706	-	31,706
	1,873,378	-	1,873,378	1,896,689	-	1,896,689
Other Revenues						
Childcare Co-Pay	35,986	-	35,986	41,688	-	41,688
Investment Income	17,561	-	17,561	52,438	-	52,438
Martha's Outfitters	210,592	-	210,592	215,176	-	215,176
Miscellaneous Income	270,532	-	270,532	9,511	-	9,511
Special Events	44,268	-	44,268	-	-	-
Net Assets Released from Restrictions -						
Satisfaction of Program Restrictions	385,779	(385,779)	-	509,150	(509,150)	-
	964,718	(385,779)	578,939	827,963	(509,150)	318,813
Total Support and Revenues	5,569,372	-	5,569,372	5,817,409	(31,865)	5,785,544

	Year Ended December 31,					
	2009			2008		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES						
Program Services						
McKenna's Wagon	\$ 1,371,774	\$ -	\$ 1,371,774	\$ 1,390,756	\$ -	\$ 1,390,756
Martha's Outfitters	951,613	-	951,613	1,002,259	-	1,002,259
Elementary Program	686,221	-	686,221	727,081	-	727,081
Early Childhood Education Program	1,249,092	-	1,249,092	1,166,861	-	1,166,861
Teen Program	381,188	-	381,188	421,427	-	421,427
Bridge Program	305,499	-	305,499	313,749	-	313,749
Project My Time	47,018	-	47,018	69,725	-	69,725
Satellite	14,610	-	14,610	-	-	-
Total Program Services	5,007,015	-	5,007,015	5,091,858	-	5,091,858
Supporting Services						
General Administration	362,288	-	362,288	403,790	-	403,790
Fundraising	241,977	-	241,977	221,785	-	221,785
Total Supporting Services	604,265	-	604,265	625,575	-	625,575
Total Expenses	5,611,280	-	5,611,280	5,717,433	-	5,717,433
CHANGE IN NET ASSETS	(41,908)	-	(41,908)	99,976	(31,865)	68,111
NET ASSETS, Beginning of Year	5,870,745	-	5,870,745	5,770,769	31,865	5,802,634
NET ASSETS, End of Year	\$ 5,828,837	\$ -	\$ 5,828,837	\$ 5,870,745	\$ -	\$ 5,870,745

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009

	Program Services								Supporting Services			Total Expenses	
	McKenna's Wagon	Martha's Outfitters	Elementary Program	Early Childhood Education Program	Teen Program	Bridge Program	Project My Time	Satellite	Subtotal	General Administration	Fundraising		Subtotal
PERSONNEL EXPENSES													
Salaries	\$ 245,547	\$ 140,267	\$ 219,118	\$ 798,925	\$ 223,655	\$ 178,307	\$ 33,115	\$ 12,584	\$ 1,851,518	\$ 186,755	\$ 184,053	\$ 370,808	\$ 2,222,326
Payroll Taxes and Benefits	54,098	21,972	42,248	160,176	34,365	27,569	13,755	2,026	356,209	57,231	39,138	96,369	452,578
	<u>299,645</u>	<u>162,239</u>	<u>261,366</u>	<u>959,101</u>	<u>258,020</u>	<u>205,876</u>	<u>46,870</u>	<u>14,610</u>	<u>2,207,727</u>	<u>243,986</u>	<u>223,191</u>	<u>467,177</u>	<u>2,674,904</u>
OPERATING EXPENSES													
Meetings	-	-	-	615	-	-	-	-	615	2,923	468	3,391	4,006
Newsletter	6,552	3,248	4,878	4,887	4,849	4,849	-	-	29,263	2,017	3,539	5,556	34,819
Professional Fees	2,636	1,205	8,081	9,148	5,954	6,322	-	-	33,346	61,247	2,654	63,901	97,247
Insurance	9,369	6,053	10,243	12,418	5,661	5,439	-	-	49,183	13,340	466	13,806	62,989
Travel	195	106	5,408	707	18,862	861	-	-	26,139	707	257	964	27,103
Gasoline	8,415	-	563	542	539	539	-	-	10,598	42	2	44	10,642
Tax, Tags, and Licenses	4,315	7,989	136	191	187	136	-	-	12,954	1,698	-	1,698	14,652
Cleaning	10,112	8,216	13,904	16,432	5,800	6,840	-	-	61,304	1,264	632	1,896	63,200
Repairs and Maintenance	15,374	5,594	9,675	12,166	5,211	4,665	-	-	52,685	904	637	1,541	54,226
Utilities	24,932	12,601	26,140	38,029	13,336	12,976	-	-	128,014	3,631	600	4,231	132,245
Postage	326	792	282	2,550	282	282	-	-	4,514	8,391	2,386	10,777	15,291
Extermination	787	639	1,082	1,279	492	492	-	-	4,771	98	49	147	4,918
Trash Removal	3,282	2,667	4,513	5,333	2,051	2,051	-	-	19,897	410	205	615	20,512
Supplies	39,602	3,831	10,077	54,007	11,595	5,822	148	-	125,082	11,397	3,932	15,329	140,411
Food - Other	2,938	-	-	-	-	-	-	-	2,938	-	-	-	2,938
Children's Food	1,186	-	23,045	57,723	17,284	17,284	-	-	116,522	-	-	-	116,522
Depreciation	38,462	50,296	65,089	73,964	31,065	31,065	-	-	289,941	10,233	2,959	13,192	303,133
	<u>168,483</u>	<u>103,237</u>	<u>183,116</u>	<u>289,991</u>	<u>123,168</u>	<u>99,623</u>	<u>148</u>	<u>-</u>	<u>967,766</u>	<u>118,302</u>	<u>18,786</u>	<u>137,088</u>	<u>1,104,854</u>
DONATION EXPENSES													
Donated Food	816,955	-	144,168	-	-	-	-	-	961,123	-	-	-	961,123
Donated Clothing and Other Items	86,691	686,137	97,571	-	-	-	-	-	870,399	-	-	-	870,399
	<u>903,646</u>	<u>686,137</u>	<u>241,739</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,831,522</u>
Total Expenses	<u>\$ 1,371,774</u>	<u>\$ 951,613</u>	<u>\$ 686,221</u>	<u>\$ 1,249,092</u>	<u>\$ 381,188</u>	<u>\$ 305,499</u>	<u>\$ 47,018</u>	<u>\$ 14,610</u>	<u>\$ 5,007,015</u>	<u>\$ 362,288</u>	<u>\$ 241,977</u>	<u>\$ 604,265</u>	<u>\$ 5,611,280</u>

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2008

	Program Services							Supporting Services			Total Expenses	
	McKenna's Wagon	Martha's Outfitters	Elementary Program	Early Childhood Education Program	Teen Program	Bridge Program	Project My Time	Subtotal	General Administration	Fundraising		Subtotal
PERSONNEL EXPENSES												
Salaries	\$ 248,708	\$ 144,794	\$ 252,966	\$ 718,600	\$ 232,198	\$ 160,728	\$ 54,144	\$ 1,812,138	\$ 211,965	\$ 169,829	\$ 381,794	\$ 2,193,932
Payroll Taxes and Benefits	52,357	20,566	50,760	167,494	34,988	36,397	6,141	368,703	38,480	29,462	67,942	436,645
	<u>301,065</u>	<u>165,360</u>	<u>303,726</u>	<u>886,094</u>	<u>267,186</u>	<u>197,125</u>	<u>60,285</u>	<u>2,180,841</u>	<u>250,445</u>	<u>199,291</u>	<u>449,736</u>	<u>2,630,577</u>
OPERATING EXPENSES												
Newsletter	6,991	3,496	5,374	5,243	5,243	5,243	-	31,590	807	3,464	4,271	35,861
Professional Fees	2,758	1,773	6,122	9,068	4,776	4,946	858	30,301	126,170	1,671	127,841	158,142
Insurance	7,933	7,432	11,540	13,485	5,322	5,322	-	51,034	1,883	525	2,408	53,442
Travel	126	-	4,526	1,050	38,928	8,751	4,415	57,796	827	760	1,587	59,383
Gasoline	11,872	144	721	721	721	721	-	14,900	23	-	23	14,923
Tax, Tags, and Licenses	1,714	10,278	279	430	103	429	-	13,233	345	-	345	13,578
Cleaning	11,272	9,635	15,121	18,251	6,960	6,961	-	68,200	1,200	687	1,887	70,087
Repairs and Maintenance	23,670	6,990	10,998	12,688	5,715	5,691	-	65,752	1,578	1,390	2,968	68,720
Utilities	24,327	12,745	23,245	34,478	11,947	11,547	-	118,289	2,777	647	3,424	121,713
Postage	1,235	1,320	791	791	791	791	-	5,719	1,561	5,596	7,157	12,876
Extermination	571	484	798	940	364	364	-	3,521	70	37	107	3,628
Trash Removal	4,246	2,817	3,882	4,867	1,848	1,848	-	19,508	339	170	509	20,017
Supplies and Equipment	47,746	5,643	15,697	52,994	24,073	14,356	4,167	164,676	10,466	4,609	15,075	179,751
Food - Other	652	-	-	-	-	-	-	652	378	43	421	1,073
Children's Food	1,977	-	24,081	60,373	18,062	18,064	-	122,557	-	-	-	122,557
Interest Expense	123	61	92	92	92	92	-	552	315	61	376	928
Depreciation	37,772	48,182	65,710	65,296	29,296	31,498	-	277,754	2,834	2,834	5,668	283,422
Literacy	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	1,772	-	1,772	1,772
	<u>184,985</u>	<u>111,000</u>	<u>188,977</u>	<u>280,767</u>	<u>154,241</u>	<u>116,624</u>	<u>9,440</u>	<u>1,046,034</u>	<u>153,345</u>	<u>22,494</u>	<u>175,839</u>	<u>1,221,873</u>
DONATION EXPENSES												
Donated Food	813,969	-	143,641	-	-	-	-	957,610	-	-	-	957,610
Donated Clothing and Other Items	90,737	725,899	90,737	-	-	-	-	907,373	-	-	-	907,373
	<u>904,706</u>	<u>725,899</u>	<u>234,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,864,983</u>
Total Expenses	<u>\$ 1,390,756</u>	<u>\$ 1,002,259</u>	<u>\$ 727,081</u>	<u>\$ 1,166,861</u>	<u>\$ 421,427</u>	<u>\$ 313,749</u>	<u>\$ 69,725</u>	<u>\$ 5,091,858</u>	<u>\$ 403,790</u>	<u>\$ 221,785</u>	<u>\$ 625,575</u>	<u>\$ 5,717,433</u>

MARTHA'S TABLE, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (41,908)	\$ 68,111
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	303,132	283,422
Donated Investments	(24,092)	(31,706)
Donated Automobile	(17,764)	
Unrealized and Realized Gains on Investments, Net	(1,957)	(239)
Gain on Sale of Asset	(256,323)	-
Change in:		
Accounts Receivable	(177,540)	22,310
Grants Receivable	8,802	(49,700)
Pledges Receivable	200,000	(255,619)
Prepaid Expenses	23,527	(1,387)
Accounts Payable and Accrued Expenses	(26,410)	(527)
Net Cash Provided by (Used in) Operating Activities	(10,533)	34,665
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities of Certificates of Deposit	1,967,758	2,686,465
Proceeds from Sale of Building	300,000	-
Purchase of Certificates of Deposit	(3,044,679)	(2,528,370)
Purchases of Land, Buildings and Improvements, Furniture, and Equipment	(56,457)	(371,711)
Net Cash Used in Investing Activities	(833,378)	(213,616)
CASH USED IN FINANCING ACTIVITIES		
Payments on Capital Lease Obligation	(2,907)	(2,895)
DECREASE IN CASH AND CASH EQUIVALENTS	(846,818)	(181,846)
CASH AND CASH EQUIVALENTS, Beginning of Year	1,034,812	1,216,658
CASH AND CASH EQUIVALENTS, End of Year	\$ 187,994	\$ 1,034,812
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	\$ -	\$ (928)
NONCASH INVESTING AND FINANCING ACTIVITIES		
In-Kind Contributions of Food and Clothing and Other Items	\$ 1,849,286	\$ 1,864,983

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Martha's Table, Inc. (Martha's Table), was incorporated in the District of Columbia on December 6, 1979. Martha's Table is a not-for-profit corporation operating in the District of Columbia, the purpose of which is to establish food services for the poor, promote child nutrition and development, and make provisions for social services and economic opportunities.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash in operating and money market bank accounts, cash on hand, and highly liquid investments with original maturities of 90 days or less.

Receivables

Martha's Table records receivables net of allowances for doubtful accounts when necessary. The need for allowances is determined based on a review of the estimated collectibility of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged-off against the allowances for doubtful accounts once management determines an account, or a portion thereof, to be worthless.

At December 31, 2009 and 2008, all receivables are considered to be fully collectible, and, as such, no allowance for doubtful accounts has been provided for in these financial statements.

Pledges Receivable

Unconditional promises to give that are expected to be collected within one year are reflected as current pledges receivable and recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are reflected as long-term pledges receivable and recorded at the present value of their net realizable values. The discount on the long-term pledges receivable is computed using a risk-free interest rate at the time the promise to give is made. Amortization of the discount is included in contribution revenue.

All pledges receivable are expected to be collected within one year and no allowance for uncollectible promises to give has been provided.

Certificates of Deposit

Certificates of deposit held for investment are not debt securities. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Land, Buildings and Improvements, Furniture, and Equipment

Land, buildings and improvements, furniture, and equipment are recorded at cost or, if donated, at fair value at the date of donation. Martha's Table capitalizes purchases over \$500 with an estimated useful life of greater than one year. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets commencing in the month the asset is placed in service, as follows:

Buildings and Improvements	7 - 20 Years
Furniture	10 Years
Office/Kitchen Equipment	3 - 15 Years
Vans	5 Years

Revenue Recognition

Martha's Table classifies net assets into two categories: unrestricted and temporarily restricted. Martha's Table records contributions as revenue when they are pledged by the donor or when received in cash if not pledged. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted net assets are contributions with temporary, donor-imposed time and/or program-specific restrictions. These temporary restrictions require that resources be used for specific purposes and/or in a certain period.

Temporarily restricted net assets become unrestricted when the time restrictions expire or the funds are used for their restricted purposes and are reported in the statements of activities as net assets released from restrictions.

Revenues from federal and other funding sources are recognized when the related expenses are incurred. Expenses charged to federal grants are subject to audit and adjustment. Grant expenses incurred before the related grant revenue is received are reported as grants receivable.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services

McKenna's Wagon

McKenna's Wagon is a mobile soup kitchen that distributes food to the hungry and homeless in the District of Columbia. Two vans operated seven days a week at three regularly scheduled sites for 2009 and 2008. McKenna's Wagon also works through partnership and collaborative agreements with other local organizations to provide meals to the hungry and homeless in the District of Columbia. A slight reduction in the number of sandwiches and meals occurred due to a shift in distribution practices with a partnership. In addition, McKenna's Wagon made a concerted effort to replace high sugar snacks and desserts with healthier options such as fresh fruit. Approximately 260,066 (unaudited) and 311,940 (unaudited) meals were serviced during the years ended December 31, 2009 and 2008, respectively, consisting of the following:

	(Unaudited)	
	Year Ended December 31,	
	2009	2008
Sandwiches	464,046	524,663
Desserts	121,761	438,000
Gallons of Soup	23,725	23,725
Gallons of Beverages	25,239	23,725
Non-Perishable Food	73,410	73,410

Martha's Outfitters and Other Services

Martha's Outfitters is open to the community five days a week, Tuesday through Saturday, from 9 a.m. to 2 p.m. Martha's Outfitters offers a wide assortment of almost new, up-to-date clothing in addition to providing blankets, toiletries, and children's supplies to low income families and individuals in the community. There were 19,474 (unaudited) and 18,728 (unaudited) visits to Martha's Outfitters during the years ended December 31, 2009 and 2008, respectively.

Elementary Program and Early Childhood Education Program

Martha's Table is committed to child development and nutrition. The Early Childhood Education Program (ages 3 months to 4 years) prepares preschool children for school and develops the literacy and parenting skills of their parents. The Elementary Program (ages 5 to 9) builds on the in-school academic curriculum to reinforce their learning and literacy in a safe and nurturing environment. Martha's Table also provides a tutoring program for children and an engaging summer program which promotes an active, healthy lifestyle and ensures children are prepared academically when school begins in the fall.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

Teen and Bridge Programs

The Bridge (ages 10 to 13) and Teen (ages 14 to 18) Programs serve youth throughout the year with after-school and summer programs. There are approximately 100 (unaudited) youths registered in the school year and Martha's Table accommodates even more in the summer. These programs focus on five general areas: (1) helping meet the youths' basic needs, such as food and clothes, (2) providing a safe, supervised, and supportive program the youths enjoy and attend, (3) assisting the youths in their education with a supportive academic environment that promotes and nurtures learning, (4) assisting youths dealing with family challenges, and (5) facilitating the participants' personal growth and development. The programs combine these five areas of focus in their effort to try and help each member of the program realize their abilities, skills, and opportunities to succeed in life.

Donated Contributions

Donated contributions include food, clothing, investments, and other items, such as toys and educational materials. Donations are recorded as support at their estimated fair values at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

Area supermarkets, caterers, food vendors, shops, hotels, and volunteers provide over 98 percent of the food served by McKenna's Wagon at no cost or at significant discounts. Quantities of food donated are calculated based on an overall estimate of meals served. For the years ended December 31, 2009 and 2008, donated food was valued by management at \$961,123 and \$957,610, respectively, and donated clothing and other items were valued by management at \$870,399 and \$907,373, respectively, in the statements of activities. Martha's Table periodically examines its systems for calculating in-kind donation values and makes necessary adjustments.

McKenna's Wagon and the children and youth program benefited from approximately 24,055 (unaudited) and 23,000 (unaudited) hours, respectively, of volunteer service. The value of hours volunteered at Martha's Table is not recorded in the financial statements, as it does not create or enhance financial assets or require specialized skills. The amount of such unrecorded labor was estimated by management at \$184,261 and \$170,805 for the years ended December 31, 2009 and 2008, respectively.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statements of activities. Certain costs have been allocated among the program and supporting service categories based on various methods, including time spent and space occupied.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Martha's Table is exempt from federal tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not include a provision for federal and state income taxes. Martha's Table has been classified by the Internal Revenue Service as a publicly supported organization under Section 170(b)(1)(A)(VI). Martha's Table did not have any unrelated business income for the years ended December 31, 2009 and 2008. Tax years prior to 2006 are no longer subject to examination by the IRS and the tax jurisdiction of the District of Columbia.

Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

Subsequent Events

In accordance with FASB Accounting Standards Codification (FASC) topic on *Subsequent Events*, Martha's Table has evaluated events and transactions for potential recognition or disclosure through November 8, 2010, the date the financial statements were available to be issued.

Reclassifications

Certain balances in the 2008 financial statements have been reclassified to conform to the 2009 financial statement presentation.

NOTE 2 – LAND, BUILDINGS AND IMPROVEMENTS, FURNITURE, AND EQUIPMENT

Land, buildings and improvements, furniture, and equipment consist of:

	<u>December 31,</u>	
	<u>2009</u>	<u>2008</u>
Land	\$ 921,044	\$ 956,684
Buildings and Improvements	5,244,130	4,952,221
Furniture	54,047	54,047
Office/Kitchen Equipment	336,875	326,679
Vans	111,958	108,873
Construction in Progress	-	263,295
	<u>6,668,054</u>	<u>6,661,799</u>
Less: Accumulated Depreciation	<u>(3,469,858)</u>	<u>(3,191,015)</u>
	<u>\$ 3,198,196</u>	<u>\$ 3,470,784</u>

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

NOTE 3 – BENEFIT PLAN

The employees of Martha's Table who work 1,000 or more hours within a 12-month period are eligible to participate in a 403(b) tax-deferred annuity plan, through which they can defer up to the legal limits allowed by the Internal Revenue Code. Martha's Table is required to contribute 3 percent for all eligible employees, plus a 1 percent contribution if the employee contributes 1 percent. Martha's Table made contributions, including discretionary contributions, of \$49,162 and \$39,737 to this plan for the years ended December 31, 2009 and 2008, respectively.

NOTE 4 – CONCENTRATIONS

Martha's Table maintains cash balances at a local financial institution and, at times, these balances may exceed the \$250,000 amount insured by the Federal Deposit Insurance Corporation (FDIC).

For the years ended December 31, 2009 and 2008, approximately 20 percent and 18 percent, respectively, of total Support and Revenues, was received from federal and state funds.

MARTHA'S TABLE, INC.

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2009

MARTHA'S TABLE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

MARTHA'S TABLE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

<u>Federal Grantor/Pass-Through Grantor/ Pass-Through Department/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Award Number</u>	<u>Federal Expenditures</u>
Major Program			
Department of Health and Human Services Pass-Through from District of Columbia/Department of Human Services/Martha's Table Child Development Center	93.575	70048	<u>\$ 799,955</u>
Total Major Program			<u>799,955</u>
Nonmajor Program			
United States Department of Agriculture Pass-Through from District of Columbia/State Education Office/Child and Adult Care Food Program	10.558	V-186-1	<u>98,519</u>
Total			<u><u>\$ 898,474</u></u>

MARTHA'S TABLE, INC.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal activity of Martha's Table, Inc. (Martha's Table), and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the financial statements.

Independent Auditors' Report on Internal Control
Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*

Board of Directors
Martha's Table, Inc.
Washington, DC

We have audited the financial statements of Martha's Table, Inc. (Martha's Table), as of and for the year ended December 31, 2009, and have issued our report thereon dated November 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Martha's Table's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Martha's Table's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Martha's Table's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Martha's Table's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Martha's Table's in a separate letter dated November 8, 2010.

Board of Directors
Martha's Table, Inc.
Page Two

This report is intended solely for the information and use of the audit committee, management, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Watkins Megan LLC". The signature is written in a cursive, flowing style.

Bethesda, Maryland
November 8, 2010

Independent Auditors' Report on Compliance with Requirements
That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133

Board of Directors
Martha's Table, Inc.
Washington, D.C.

Compliance

We have audited Martha's Table, Inc. (Martha's Table) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on Martha's Table's major federal program for the year ended December 31, 2009. Martha's Table's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Martha's Table's management. Our responsibility is to express an opinion on Martha's Table's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Martha's Table's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Martha's Table's compliance with those requirements.

In our opinion, Martha's Table complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Martha's Table is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Martha's Table's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Martha's Table's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a

timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purposes described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management, board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Watkins Megan LLC". The signature is written in a cursive, flowing style.

Bethesda, Maryland
November 8, 2010

MARTHA'S TABLE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

SECTION A – SUMMARY OF AUDITORS' RESULTS

Financial Statements

- | | |
|--|--------------------|
| 1. Type of auditors' report issued | <u>Unqualified</u> |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | No |
| b. Significant deficiencies conditions identified that are not considered to be material weaknesses? | None Reported |
| c. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|--------------------|
| 1. Internal control over major programs: | |
| a. Material weakness identified? | No |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | None Reported |
| 2. Type of auditors' report issued on compliance for major programs | <u>Unqualified</u> |
| 3. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? | No |

4. Identification of major programs

Federal Grantor/Pass-Through Grantor
Grantor/Pass-Through Department
CFDA Number

Name of Federal Program

Department of Health and Human
Services/Pass-Through from District
of Columbia/Department of Human
Services

Martha's Table Child
Development Center

CFDA Number - 93.575

Pass-Through Award Number - 70048

- | | |
|--|-----------|
| 5. Dollar threshold used to distinguish between Type A and Type B programs | \$300,000 |
| 6. Auditee qualified as a low-risk auditee? | Yes |

MARTHA'S TABLE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

SECTION B – FINANCIAL STATEMENT AUDIT FINDINGS

There were no reportable conditions, material weaknesses, or instances of noncompliance related to the financial statements that are required to be reported in accordance with OMB Circular A-133, Section 510(a).

MARTHA'S TABLE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

SECTION C – MAJOR FEDERAL AWARD PROGRAM FINDINGS AND QUESTIONED COSTS

There were no reportable conditions, material weaknesses, or instances of noncompliance related to major federal programs that are required to be reported in accordance with OMB Circular A-133, Section 510(a).

MARTHA'S TABLE, INC.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2009

There were no prior audit findings that are required to be reported in accordance with OMB Circular A-133, Section 510(a).

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