

Martha's Table, Inc.

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2011 AND 2010

WATKINS | MEEGAN

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Independent Auditors' Report

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

We have audited the accompanying statements of financial position of Martha's Table, Inc. (Martha's Table), as of December 31, 2011 and 2010, and the related statements of activities and change in net assets, 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. 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, 2011 and 2010, 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.



Bethesda, Maryland
November 14, 2012

MARTHA'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	<u>December 31,</u>	
	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 2,027,657	\$ 1,165,246
Investments	1,065,959	1,385,734
Accounts Receivable, Net of Allowance for Doubtful Accounts of \$32,184 in 2011 and \$0 in 2010	266,843	288,110
Grants Receivable	140,755	190,397
Pledges Receivable	55,619	50,619
Prepaid Expenses	34,140	38,542
	<u>3,590,973</u>	<u>3,118,648</u>
Total Current Assets		
PROPERTY AND EQUIPMENT, Net	<u>2,818,804</u>	<u>2,972,326</u>
	<u>\$ 6,409,777</u>	<u>\$ 6,090,974</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 287,599	\$ 261,186
Deferred Revenue	-	1,000
	<u>287,599</u>	<u>262,186</u>
Total Current Liabilities		
NET ASSETS		
Unrestricted:		
Board Designated - Reserve Fund	300,000	300,000
Operating	5,822,178	5,528,788
	<u>6,122,178</u>	<u>5,828,788</u>
	<u>\$ 6,409,777</u>	<u>\$ 6,090,974</u>

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEARS ENDED DECEMBER 31, 2011 AND 2010

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUES						
Contributions and Grants						
Individuals	\$ 1,108,323	\$ 27,330	\$ 1,135,653	\$ 794,526	\$ 14,758	\$ 809,284
Corporations	142,442	86,094	228,536	203,593	15,220	218,813
Foundations	283,210	360,993	644,203	239,760	541,568	781,328
Civic and Religious Groups	70,981	3,398	74,379	61,486	35,885	97,371
Combined Federal Campaign	394,983	8,627	403,610	411,562	37,844	449,406
Federal and State Funds	1,250,998	-	1,250,998	1,206,471	-	1,206,471
	<u>3,250,937</u>	<u>486,442</u>	<u>3,737,379</u>	<u>2,917,398</u>	<u>645,275</u>	<u>3,562,673</u>
In-Kind Contributions						
Donated Food	789,219	-	789,219	922,239	-	922,239
Donated Clothing and Other Items	1,176,857	-	1,176,857	973,434	-	973,434
	<u>1,966,076</u>	<u>-</u>	<u>1,966,076</u>	<u>1,895,673</u>	<u>-</u>	<u>1,895,673</u>
Other Revenues						
Childcare Co-Pay	57,660	-	57,660	41,422	-	41,422
Investment Income (Loss)	(1,394)	-	(1,394)	14,959	-	14,959
Martha's Outfitters	330,206	-	330,206	208,262	-	208,262
Miscellaneous Income	1,437	-	1,437	12,165	-	12,165
Special Events	194,521	-	194,521	223,504	-	223,504
Net Assets Released from Restrictions -						
Satisfaction of Program Restrictions	486,442	(486,442)	-	645,275	(645,275)	-
	<u>1,068,872</u>	<u>(486,442)</u>	<u>582,430</u>	<u>1,145,587</u>	<u>(645,275)</u>	<u>500,312</u>
Total Support and Revenues	6,285,885	-	6,285,885	5,958,658	-	5,958,658

	Year Ended December 31,					
	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES						
Program Services						
McKenna's Wagon	\$ 1,264,171	\$ -	\$ 1,264,171	\$ 1,307,798	\$ -	\$ 1,307,798
Martha's Outfitters	1,262,947	-	1,262,947	1,045,378	-	1,045,378
Elementary Program	722,499	-	722,499	799,010	-	799,010
Early Childhood Education Program	1,283,185	-	1,283,185	1,338,444	-	1,338,444
Older Youth Program	330,669	-	330,669	364,664	-	364,664
Bridge Program	338,678	-	338,678	354,959	-	354,959
Satellite	95,642	-	95,642	57,019	-	57,019
Total Program Services	<u>5,297,791</u>	<u>-</u>	<u>5,297,791</u>	<u>5,267,272</u>	<u>-</u>	<u>5,267,272</u>
Supporting Services						
General Administration	411,495	-	411,495	421,208	-	421,208
Fundraising	283,209	-	283,209	270,227	-	270,227
Total Supporting Services	<u>694,704</u>	<u>-</u>	<u>694,704</u>	<u>691,435</u>	<u>-</u>	<u>691,435</u>
Total Expenses	<u>5,992,495</u>	<u>-</u>	<u>5,992,495</u>	<u>5,958,707</u>	<u>-</u>	<u>5,958,707</u>
CHANGE IN NET ASSETS	293,390	-	293,390	(49)	-	(49)
NET ASSETS, Beginning of Year	<u>5,828,788</u>	<u>-</u>	<u>5,828,788</u>	<u>5,828,837</u>	<u>-</u>	<u>5,828,837</u>
NET ASSETS, End of Year	<u>\$ 6,122,178</u>	<u>\$ -</u>	<u>\$ 6,122,178</u>	<u>\$ 5,828,788</u>	<u>\$ -</u>	<u>\$ 5,828,788</u>

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2011

	Program Services							Supporting Services			Total Expenses	
	McKenna's Wagon	Martha's Outfitters	Elementary Program	Early Childhood Education Program	Older Youth Program	Bridge Program	Satellite	Subtotal	General Administration	Fundraising		Subtotal
PERSONNEL EXPENSES												
Salaries	\$ 224,800	\$ 176,854	\$ 235,951	\$ 771,028	\$ 162,151	\$ 177,492	\$ 78,716	\$ 1,826,992	\$ 256,398	\$ 214,656	\$ 471,054	\$ 2,298,046
Payroll Taxes and Benefits	43,273	36,661	56,017	162,532	34,083	33,837	14,215	380,618	23,223	44,899	68,122	448,740
	<u>268,073</u>	<u>213,515</u>	<u>291,968</u>	<u>933,560</u>	<u>196,234</u>	<u>211,329</u>	<u>92,931</u>	<u>2,207,610</u>	<u>279,621</u>	<u>259,555</u>	<u>539,176</u>	<u>2,746,786</u>
OPERATING EXPENSES												
Meetings	148	83	-	475	1,235	-	125	2,066	4,229	-	4,229	6,295
Newsletter	7,792	3,551	4,983	5,326	5,326	5,326	85	32,389	-	3,635	3,635	36,024
Professional Fees	4,462	2,710	27,368	64,709	21,809	21,546	-	142,604	48,746	4,050	52,796	195,400
Insurance	6,359	5,166	8,743	10,317	3,974	3,974	-	38,533	1,462	397	1,859	40,392
Travel	2,134	28	3,427	1,215	10,086	2,517	830	20,237	654	180	834	21,071
Gasoline	10,650	130	654	654	655	655	-	13,398	-	-	-	13,398
Tax, Tags, and Licenses	2,435	17,749	-	-	-	-	-	20,184	553	-	553	20,737
Cleaning	11,559	8,563	14,492	20,557	6,587	6,587	-	68,345	1,316	659	1,975	70,320
Repairs and Maintenance	20,136	9,045	12,966	14,604	5,609	6,364	-	68,724	(3,198)	634	(2,564)	66,160
Utilities	22,702	11,590	21,841	32,044	11,485	9,998	-	109,660	2,600	549	3,149	112,809
Postage	1,609	6,624	1,594	2,539	1,728	1,594	-	15,688	2,659	1,594	4,253	19,941
Extermination	756	614	1,040	1,229	473	472	-	4,584	95	47	142	4,726
Trash Removal	3,917	2,969	5,024	6,263	2,020	2,284	-	22,477	461	229	690	23,167
Supplies	40,026	7,108	16,492	44,065	12,930	14,480	1,671	136,772	8,230	1,680	9,910	146,682
Food - Other	52,585	-	-	187	-	-	-	52,772	-	-	-	52,772
Children's Food	1,786	-	37,002	89,011	26,817	27,851	-	182,467	-	-	-	182,467
Miscellaneous	-	-	-	-	-	-	-	-	5,857	7,742	13,599	13,599
Bad Debt Expense	-	-	-	-	-	-	-	-	32,184	-	32,184	32,184
Depreciation and Amortization	29,342	38,372	49,659	56,430	23,701	23,701	-	221,205	26,026	2,258	28,284	249,489
	<u>218,398</u>	<u>114,302</u>	<u>205,285</u>	<u>349,625</u>	<u>134,435</u>	<u>127,349</u>	<u>2,711</u>	<u>1,152,105</u>	<u>131,874</u>	<u>23,654</u>	<u>155,528</u>	<u>1,307,633</u>
DONATION EXPENSES												
Donated Food	670,836	-	118,383	-	-	-	-	789,219	-	-	-	789,219
Donated Clothing and Other Items	106,864	935,130	106,863	-	-	-	-	1,148,857	-	-	-	1,148,857
	<u>777,700</u>	<u>935,130</u>	<u>225,246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,076</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,938,076</u>
Total Expenses	<u>\$ 1,264,171</u>	<u>\$ 1,262,947</u>	<u>\$ 722,499</u>	<u>\$ 1,283,185</u>	<u>\$ 330,669</u>	<u>\$ 338,678</u>	<u>\$ 95,642</u>	<u>\$ 5,297,791</u>	<u>\$ 411,495</u>	<u>\$ 283,209</u>	<u>\$ 694,704</u>	<u>\$ 5,992,495</u>

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2010

	Program Services							Supporting Services			Total Expenses	
	McKenna's Wagon	Martha's Outfitters	Elementary Program	Early Childhood Education Program	Older Youth Program	Bridge Program	Satellite	Subtotal	General Administration	Fundraising		Subtotal
PERSONNEL EXPENSES												
Salaries	\$ 193,935	\$ 151,852	\$ 289,883	\$ 817,114	\$ 188,952	\$ 192,536	\$ 42,578	\$ 1,876,850	\$ 224,135	\$ 207,256	\$ 431,391	\$ 2,308,241
Payroll Taxes and Benefits	48,835	28,351	70,366	184,860	38,802	38,859	7,035	417,108	41,278	39,831	81,109	498,217
	<u>242,770</u>	<u>180,203</u>	<u>360,249</u>	<u>1,001,974</u>	<u>227,754</u>	<u>231,395</u>	<u>49,613</u>	<u>2,293,958</u>	<u>265,413</u>	<u>247,087</u>	<u>512,500</u>	<u>2,806,458</u>
OPERATING EXPENSES												
Meetings	-	-	59	261	-	30	-	350	3,679	267	3,946	4,296
Newsletter	5,479	2,905	3,997	3,997	4,157	3,997	-	24,532	309	4,395	4,704	29,236
Professional Fees	1,690	822	9,932	33,792	7,822	8,541	-	62,599	92,635	2,436	95,071	157,670
Insurance	5,575	4,529	7,666	9,060	3,484	3,484	-	33,798	6,989	348	7,337	41,135
Travel	69	5	7,112	1,820	20,550	6,423	178	36,157	511	49	560	36,717
Gasoline	9,147	115	571	571	571	571	-	11,546	240	-	240	11,786
Tax, Tags, and Licenses	3,854	13,343	108	959	75	408	-	18,747	1,980	46	2,026	20,773
Cleaning	11,698	9,504	16,085	19,459	7,312	7,311	-	71,369	1,712	731	2,443	73,812
Repairs and Maintenance	23,019	11,660	18,744	22,375	8,738	10,550	-	95,086	6,521	1,439	7,960	103,046
Utilities	24,493	20,520	26,298	37,473	13,299	12,819	-	134,902	3,571	982	4,553	139,455
Postage	2,103	2,292	1,625	1,625	1,625	1,625	-	10,895	3,191	1,983	5,174	16,069
Extermination	758	616	1,042	1,232	474	474	-	4,596	94	47	141	4,737
Trash Removal	3,276	2,662	4,505	5,323	2,047	2,047	-	19,860	409	205	614	20,474
Supplies	40,432	4,624	15,600	54,288	13,674	12,200	7,228	148,046	26,905	2,796	29,701	177,747
Food - Other	15,613	-	-	56	-	-	-	15,669	53	900	953	16,622
Children's Food	31	-	26,177	66,459	19,634	19,634	-	131,935	-	-	-	131,935
Miscellaneous	1,854	927	1,390	1,391	1,390	1,391	-	8,343	610	3,463	4,073	12,416
Bad Debt Expense	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortization	39,691	51,904	67,170	76,329	32,058	32,059	-	299,211	6,386	3,053	9,439	308,650
	<u>188,782</u>	<u>126,428</u>	<u>208,081</u>	<u>336,470</u>	<u>136,910</u>	<u>123,564</u>	<u>7,406</u>	<u>1,127,641</u>	<u>155,795</u>	<u>23,140</u>	<u>178,935</u>	<u>1,306,576</u>
DONATION EXPENSES												
Donated Food	783,903	-	138,336	-	-	-	-	922,239	-	-	-	922,239
Donated Clothing and Other Items	92,343	738,747	92,344	-	-	-	-	923,434	-	-	-	923,434
	<u>876,246</u>	<u>738,747</u>	<u>230,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,845,673</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,845,673</u>
Total Expenses	<u>\$ 1,307,798</u>	<u>\$ 1,045,378</u>	<u>\$ 799,010</u>	<u>\$ 1,338,444</u>	<u>\$ 364,664</u>	<u>\$ 354,959</u>	<u>\$ 57,019</u>	<u>\$ 5,267,272</u>	<u>\$ 421,208</u>	<u>\$ 270,227</u>	<u>\$ 691,435</u>	<u>\$ 5,958,707</u>

MARTHA'S TABLE, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31,	
	2011	2010
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 293,390	\$ (49)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Bad Debt Expense	32,184	-
Depreciation and Amortization	249,489	308,650
Donated Investments	(22,408)	(20,473)
Donated Property and Equipment	(28,000)	(50,000)
Unrealized and Realized Gains (Losses) on Investments, Net	1,394	(347)
Loss on Sale of Asset	-	1,569
Change in:		
Accounts Receivable	(10,917)	24,932
Grants Receivable	49,642	(79,063)
Pledges Receivable	(5,000)	25,000
Prepaid Expenses	4,402	(12,686)
Accounts Payable and Accrued Expenses	26,413	78,381
Deferred Revenue	(1,000)	1,000
Net Cash Provided by Operating Activities	589,589	276,914
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Maturities of Certificates of Deposit	3,636,405	2,620,473
Purchase of Certificates of Deposit	(3,295,616)	(1,885,786)
Purchases of Property and Equipment	(67,967)	(34,349)
Net Cash Provided by Investing Activities	272,822	700,338
INCREASE IN CASH AND CASH EQUIVALENTS	862,411	977,252
CASH AND CASH EQUIVALENTS, Beginning of Year	1,165,246	187,994
CASH AND CASH EQUIVALENTS, End of Year	\$ 2,027,657	\$ 1,165,246
NONCASH INVESTING		
Donated Investments, Website, and Property and Equipment	\$ 50,408	\$ 70,473

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

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.

Accounts 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. Due to management's evaluation of the collectability of accounts receivable, the allowance for doubtful accounts was \$32,184 and \$0 as of December 31, 2011 and 2010, respectively. Bad debt expense was \$32,184 and \$0 for the years ended December 31, 2011 and 2010.

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.

Investments

Investments consist of certificates of deposit, mutual funds, and government bonds and are reported based on quoted market prices. Certificates of deposit held for investment are not debt or equity securities. Certificates of deposit with original maturities greater than three months and remaining maturities less than one year are classified as current assets. Realized and unrealized gains (losses) are calculated using a specific identification method and are recorded, along with interest and dividend income, on the statements of activities and change in net assets. Donated investments are reflected as contributions and grants revenue and are recorded at their fair value on the date of receipt.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment

Property 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 and amortization 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
Website	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 and change in net assets as net assets released from restrictions. Martha's Table had no temporarily restricted net assets at December 31, 2011 and 2010.

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.

Program Services

The Food Program

Martha's Table's food program offers three main services: emergency meals, grocery distributions, and meals for the children and youth in our education programs. McKenna's Wagon, our street feeding program, distributes food to the hungry and homeless 7 days a week at three regularly scheduled sites. Martha's Table also provides groceries through our monthly distributions off-site at two DC Public Schools, on-site the last Thursday of the month, and on-site on an emergency referral basis throughout the month. The third program serves meals to the children and youth at Martha's Table. These meals meet and exceed government nutritional standards.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Services (Continued)

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 6 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 38,213 (unaudited) and 22,751 (unaudited) visits to Martha's Outfitters during the years ended December 31, 2011 and 2010, respectively.

Educational Programs for Pre-K and School-Aged Children

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 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. The Bridge Program (ages 10 to 13) offers workshop-based programming on-site and off-site at local public schools. Martha's Table also provides an engaging summer program which promotes an active, healthy lifestyle and ensures children are prepared academically when school begins in the fall.

The Older Youth Programs

We have two programs for youth aged 14 to 24. The Martha's Table Collegiate Academy (MTCA) engages high school students (14 to 18) in a college preparedness program where learning comes through creating. The creative projects at the core of the program allow students to learn about, and express their opinions about themselves and their communities helping them deal with pressures that make graduating high school and succeeding in college challenging. Degree DC (ages 18 to 24 years) is a program for the alumni of the Martha's Table Collegiate Academy. Its goal is to increase the graduation rate of DC students enrolling in college and obtaining a degree within 5 years of graduating high school.

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, 2011 and 2010, donated food was valued by management at \$789,219 and \$922,239, respectively, and donated clothing and other items were valued by management at \$1,176,857 and \$973,434, respectively, in the statements of activities and change in net assets. Martha's Table periodically examines its systems for calculating in-kind donation values and makes necessary adjustments.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Contributions (Continued)

McKenna's Wagon and the children and youth program benefited from approximately 26,866 (unaudited) and 21,882 (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 \$228,362 and \$180,527 for the years ended December 31, 2011 and 2010, 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 and change in net assets. Certain costs have been allocated among the program and supporting service categories based on various methods, including time spent and space occupied.

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, 2011 and 2010. Martha's Table recognizes interest expense and penalties on income taxes in general administration expenses on the statements of activities and change in net assets. There is no provision in these financial statements for penalties and interest on income taxes for the years ended December 31, 2011 and 2010. Tax years prior to 2008 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

Martha's Table has evaluated events and transactions for potential recognition or disclosure through November 14, 2012, the date the financial statements were available to be issued.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 2 – INVESTMENTS

Investments are recorded at fair value and consist of the following:

	December 31,	
	2011	2010
Certificates of Deposit	\$ 833,967	\$ 1,385,734
Government Bonds	229,991	-
Mutual Fund - Equity	2,001	-
	\$ 1,065,959	\$ 1,385,734

Investment income consists of the following:

	Year Ended December 31,	
	2011	2010
Interest and Dividend Income	\$ -	\$ 14,612
Unrealized and Realized Gains (Losses) on Investments, Net	(1,394)	347
	\$ (1,394)	\$ 14,959

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of:

	December 31,	
	2011	2010
Land	\$ 921,044	\$ 921,044
Buildings and Improvements	5,281,579	5,252,704
Furniture and Equipment	433,235	410,735
Vans	131,657	87,066
Website	50,000	50,000
	6,817,515	6,721,549
Less: Accumulated Depreciation and Amortization	(3,998,711)	(3,749,223)
	\$ 2,818,804	\$ 2,972,326

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 4 – 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 Martha's Table can make a discretionary 1 percent contribution if the employee contributes 1 percent. Martha's Table made contributions, including discretionary contributions, of \$61,924 and \$66,913 to this plan for the years ended December 31, 2011 and 2010, respectively.

NOTE 5 – CONCENTRATIONS

Martha's Table has cash and cash equivalent balances in excess of Federal Deposit Insurance Corporation (FDIC) limits totaling \$1,268,569 at December 31, 2011.

For the years ended December 31, 2011 and 2010, approximately 20 percent of total Support and Revenues was received from federal and state funds.

NOTE 6 – FAIR VALUE MEASUREMENTS

Martha's Table has determined the fair value of certain assets through application of FASC topic on Fair Value Measurements and Disclosures. Fair values of assets and liabilities measured on a recurring basis at December 31, 2011 and 2010, are as follows:

	Fair Value	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2011</u>				
<u>Assets</u>				
Certificates of Deposit	\$ 833,967	\$ -	\$ 833,967	\$ -
Government Bonds	229,991	-	229,991	-
Mutual Fund - Equity	2,001	2,001	-	-
	<u>\$ 1,065,959</u>	<u>\$ 2,001</u>	<u>\$ 1,063,958</u>	<u>\$ -</u>
<u>December 31, 2010</u>				
<u>Assets</u>				
Certificates of Deposit	\$ 1,385,734	\$ -	\$ 1,385,734	\$ -

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2011 AND 2010

NOTE 6 – FAIR VALUE MEASUREMENTS (Continued)

This FASC topic establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority. Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets or liabilities in active or inactive markets. Level 3 inputs are unobservable inputs that are used for fair value measurement when relevant observable inputs are not available. These inputs apply when there is little or no market data for the asset and may include the organization's own data. Martha's Table uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Martha's Table measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There have been no changes in the valuation methodologies used during the current year. All assets have been valued using a market approach. There were no changes in the valuation techniques during the current year.

NOTE 7 – CONTINGENCY

Martha's Table is subject to a legal proceeding arising in the course of providing its services. The suit is covered under Martha's Table's insurance policy, and has been turned over to the insurance company for defense. Although the ultimate outcome of the suit cannot be determined, Martha's Table's liability, if any, should be limited to its deductible under the insurance policy. No amounts have been recorded in these financial statements related to the suit.

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