

# **Martha's Table, Inc.**

**FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT  
YEARS ENDED DECEMBER 31, 2013 AND 2012**

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## Independent Auditors' Report

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

We have audited the accompanying financial statements of Martha's Table, Inc. (Martha's Table), which comprise the statements of financial position as of December 31, 2013 and 2012, the related statements of activities and change in net assets, statements of functional expenses and statements of 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.

### **Auditors' 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 audits to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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 auditors consider 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 Martha's Table, Inc. as of December 31, 2013 and 2012, 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.



Bethesda, Maryland  
July 9, 2014

**MARTHA'S TABLE, INC.**  
**STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents	\$ 6,116,919	\$ 3,055,585
Pledges and Contributions Receivable	406,105	265,888
Grants Receivable	215,723	132,153
Prepaid Expenses	27,490	10,696
Property and Equipment, Net	<u>2,538,201</u>	<u>2,627,273</u>
	<u>\$ 9,304,438</u>	<u>\$ 6,091,595</u>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts Payable and Accrued Expenses	\$ 225,495	\$ 295,018
Deferred Revenue	<u>197,691</u>	<u>38,147</u>
Total Liabilities	423,186	333,165
<b>NET ASSETS</b>		
<b>Unrestricted:</b>		
Board Designated – Reserve Fund	300,000	300,000
Board Designated – Capacity Building	2,712,134	-
Operating	<u>5,317,651</u>	<u>5,344,430</u>
Total Unrestricted	8,329,785	5,644,430
Temporarily Restricted	<u>551,467</u>	<u>114,000</u>
	<u>8,881,252</u>	<u>5,758,430</u>
	<u>\$ 9,304,438</u>	<u>\$ 6,091,595</u>

**MARTHA'S TABLE, INC.**

**STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS**

**YEARS ENDED DECEMBER 31, 2013 AND 2012**

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,					
	2013		2012			
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>						
Contributions and Grants						
Individuals	\$ 1,461,168	\$ 529,096	\$ 1,990,264	\$ 755,743	\$ 25,519	\$ 781,262
Corporations	182,120	73,000	255,120	61,861	245,919	307,780
Foundations	3,670,526	40,000	3,710,526	342,385	330,760	673,145
Civic and Religious Groups	137,436	-	137,436	56,689	19,255	75,944
Combined Federal Campaign	403,097	-	403,097	334,564	42,001	376,565
Federal and State Funds	1,750,334	-	1,750,334	1,439,937	-	1,439,937
	<u>7,604,681</u>	<u>642,096</u>	<u>8,246,777</u>	<u>2,991,179</u>	<u>663,454</u>	<u>3,654,633</u>
<b>In-Kind Contributions</b>						
Donated Services	112,500	-	112,500	-	-	-
Donated Food	1,009,181	-	1,009,181	896,860	-	896,860
Donated Clothing and Other Items	2,129,116	-	2,129,116	1,830,449	-	1,830,449
	<u>3,250,797</u>	<u>-</u>	<u>3,250,797</u>	<u>2,727,309</u>	<u>-</u>	<u>2,727,309</u>
<b>Other Revenues</b>						
Childcare Co-Pay	65,559	-	65,559	13,796	-	13,796
Investment Income	22,202	-	22,202	26,579	-	26,579
Martha's Outfitters	532,279	-	532,279	398,143	-	398,143
Miscellaneous Income	30,099	-	30,099	19,677	-	19,677
Special Events, Net	165,268	11,780	177,048	193,225	-	193,225
Net Assets Released from Restrictions - Satisfaction of Restrictions	216,409	(216,409)	-	549,454	(549,454)	-
	<u>1,031,816</u>	<u>(204,629)</u>	<u>827,187</u>	<u>1,200,874</u>	<u>(549,454)</u>	<u>651,420</u>
<b>Total Support and Revenues</b>	<u>11,887,294</u>	<u>437,467</u>	<u>12,324,761</u>	<u>6,919,362</u>	<u>114,000</u>	<u>7,033,362</u>

	Year Ended December 31,					
	2013	2012				
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>EXPENSES</b>						
Program Services						
Food Program	\$ 1,894,936	-	\$ 1,894,936	\$ 1,545,181	\$ -	\$ 1,545,181
Martha's Outfitters	2,623,353	-	2,623,353	1,840,146	-	1,840,146
Elementary Program	632,179	-	632,179	815,989	-	815,989
Early Childhood Education Program	1,715,697	-	1,715,697	1,396,310	-	1,396,310
Older Youth Program	309,927	-	309,927	335,382	-	335,382
Bridge Program	290,902	-	290,902	465,096	-	465,096
Total Program Services	7,466,994	-	7,466,994	6,398,104	-	6,398,104
Supporting Services						
General Administration	1,088,444	-	1,088,444	655,729	-	655,729
Fundraising	646,501	-	646,501	343,277	-	343,277
Total Supporting Services	1,734,945	-	1,734,945	999,006	-	999,006
Total Expenses	9,201,939	-	9,201,939	7,397,110	-	7,397,110
<b>CHANGE IN NET ASSETS</b>	2,685,355	437,467	3,122,822	(477,748)	114,000	(363,748)
<b>NET ASSETS, Beginning of Year</b>	5,644,430	114,000	5,758,430	6,122,178	-	6,122,178
<b>NET ASSETS, End of Year</b>	\$ 8,329,785	\$ 551,467	\$ 8,881,252	\$ 5,644,430	\$ 114,000	\$ 5,758,430

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services						Supporting Services			Total Expenses	
	Food Program	Martha's Outfitters	Elementary Program	Childhood Education Program	Older Youth Program	Bridge Program	Total Program Services	General Administration	Fundraising		Total Supporting Services
<b>PERSONNEL EXPENSES</b>											
Salaries (Including Donated Services)	\$ 282,661	\$ 258,863	\$ 287,325	\$ 976,951	\$ 125,031	\$ 101,345	\$ 2,040,178	\$ 662,357	\$ 220,283	\$ 882,650	\$ 2,922,826
Payroll Taxes and Benefits	63,328	41,367	64,232	190,736	32,593	25,507	417,783	144,045	42,084	186,139	603,922
	<u>355,989</u>	<u>288,250</u>	<u>351,557</u>	<u>1,167,687</u>	<u>157,624</u>	<u>126,852</u>	<u>2,457,959</u>	<u>806,402</u>	<u>282,367</u>	<u>1,088,788</u>	<u>3,526,748</u>
<b>OPERATING EXPENSES</b>											
Bad Debt Expense	-	-	-	-	-	-	-	28,616	-	-	28,616
Children's Food	1,751	79	36,853	51,587	13,143	24,720	128,133	32	24	56	128,189
Depreciation and Amortization	55,360	27,880	52,591	60,895	30,447	30,448	257,421	11,070	8,304	19,374	276,795
Examination	1,211	625	1,178	1,365	671	671	5,721	249	178	425	6,146
Food - Other	236,213	287	166	8,156	35	634	246,364	915	462	1,377	246,741
Gasoline	7,726	-	1,267	2,558	634	634	12,817	21	-	21	12,838
Insurance	8,402	4,201	7,983	9,243	4,621	4,621	39,071	1,739	1,260	2,999	42,070
Meetings	174	87	168	597	96	96	1,216	1,478	26	1,504	2,720
Miscellaneous	731	3,804	2,638	7,557	1,880	5,557	22,275	37,328	4,040	41,368	63,641
Newspaper	3,822	1,718	3,281	3,833	1,895	1,894	16,423	3,395	68,220	71,615	88,038
Postage	1,592	943	1,695	1,756	1,011	977	7,974	660	30,819	31,479	38,453
Consultants and Professional Fees	58,500	20,115	49,779	167,215	30,631	32,681	358,921	124,743	248,435	373,178	732,099
Repairs and Maintenance	62,108	31,388	58,465	72,581	25,368	27,562	275,470	32,983	7,343	40,326	315,796
Rent	-	35,751	-	-	-	-	35,751	-	-	-	35,751
Sales and Use Tax	-	27,368	-	-	-	-	27,368	-	-	-	27,368
Supplies	60,961	21,382	28,670	106,728	21,252	14,354	254,345	32,031	13,064	45,095	299,440
Tax, Tags and Licenses	1,671	484	589	781	100	365	3,970	501	52	553	4,523
Trash Removal	4,954	4,802	4,792	5,558	2,738	2,738	25,582	1,140	725	1,865	27,447
Travel	1,034	26	8,059	10,328	4,555	3,438	25,438	608	273	881	26,317
Utilities	23,556	15,257	25,472	37,278	13,118	12,789	127,480	4,535	891	5,426	132,905
	<u>529,768</u>	<u>195,987</u>	<u>280,622</u>	<u>548,010</u>	<u>152,303</u>	<u>164,050</u>	<u>1,870,738</u>	<u>282,042</u>	<u>384,114</u>	<u>668,156</u>	<u>2,538,894</u>
<b>DONATION EXPENSES</b>											
Donated Food	1,008,181	-	-	-	-	-	1,008,181	-	-	-	1,008,181
Donated Clothing and Other Items	-	2,129,116	-	-	-	-	2,129,116	-	-	-	2,129,116
	<u>1,008,181</u>	<u>2,129,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,297</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,138,297</u>
<b>Total Expenses</b>	<b>\$ 1,894,938</b>	<b>\$ 2,623,353</b>	<b>\$ 632,179</b>	<b>\$ 1,715,697</b>	<b>\$ 308,927</b>	<b>\$ 280,902</b>	<b>\$ 7,466,994</b>	<b>\$ 1,088,444</b>	<b>\$ 646,501</b>	<b>\$ 1,734,845</b>	<b>\$ 9,201,939</b>

The Accompanying Notes Are An Integral Part Of These Financial Statements



MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2012

	Program Services						Supporting Services			Total Expenses	
	Food Program	Martha's Outfitters	Elementary Program	Childhood Education Program	Older Youth Program	Bridge Program	Total Program Services	General Administration	Fundraising		Total Supporting Services
<b>PERSONNEL EXPENSES</b>											
Salaries	\$ 302,241	\$ 176,245	\$ 237,267	\$ 811,241	\$ 165,222	\$ 279,272	\$ 1,971,488	\$ 398,674	\$ 236,649	\$ 635,323	\$ 2,606,811
Payroll Taxes and Benefits	52,630	29,947	55,779	170,235	26,898	44,086	379,765	112,035	39,615	150,650	530,415
	355,071	206,192	293,046	981,476	192,110	323,358	2,351,253	510,709	275,264	785,973	3,137,226
<b>OPERATING EXPENSES</b>											
Children's Food	24,604	-	31,825	78,245	24,109	25,697	184,480	-	-	-	184,480
Depreciation and Amortization	33,071	43,072	55,444	62,900	28,537	26,537	247,561	2,544	2,544	5,088	252,649
Extermination	757	650	981	1,224	542	566	4,720	132	73	205	4,925
Food - Other	63,589	30	-	155	-	-	63,774	43	6	49	63,823
Gasoline	11,331	1,696	867	884	867	867	16,512	7	-	7	16,519
Insurance	4,749	4,282	7,246	8,563	2,841	3,746	31,427	1,199	330	1,529	32,956
Interest	-	357	-	-	-	-	357	20	-	20	377
Meetings	282	187	455	965	144	584	2,617	3,025	2,518	5,543	8,160
Miscellaneous	(398)	2,955	(162)	(510)	(122)	(81)	1,681	526	20,473	20,999	22,680
Newspaper	6,405	3,878	4,340	4,353	4,093	4,133	27,202	1,010	17,951	18,961	46,163
Postage	2,400	3,370	1,600	2,160	2,121	1,560	13,231	686	8,888	9,574	22,805
Consultants and Professional Fees	13,445	4,899	41,167	72,880	31,638	31,415	195,444	91,319	9,409	100,728	296,172
Repairs and Maintenance	27,349	16,442	25,284	38,335	12,880	10,351	130,641	22,585	1,509	24,094	154,735
Sales and Use Tax	-	26,630	-	-	-	-	26,630	-	-	-	26,630
Supplies	44,412	8,668	22,374	106,360	18,077	19,124	219,045	15,459	2,732	18,191	237,236
Tax, Tags and Licenses	3,185	254	22	72	22	22	3,577	436	409	845	4,422
Trash Removal	4,124	3,487	5,900	6,975	2,410	2,681	25,577	974	269	1,243	26,820
Travel	4,661	-	6,178	1,851	5,966	5,156	23,812	1,135	214	1,349	25,161
Utilities	19,074	12,128	20,153	29,372	11,147	9,380	101,254	3,920	688	4,608	105,862
	263,039	132,985	223,674	414,834	143,272	141,738	1,319,542	145,020	68,013	213,033	1,532,575
<b>DONATION EXPENSES</b>											
Donated Food	762,331	-	134,529	-	-	-	896,860	-	-	-	896,860
Donated Clothing and Other Items	164,740	1,500,969	164,740	-	-	-	1,830,449	-	-	-	1,830,449
	927,071	1,500,969	299,269	-	-	-	2,727,309	-	-	-	2,727,309
<b>Total Expenses</b>	<b>\$ 1,545,181</b>	<b>\$ 1,840,146</b>	<b>\$ 815,989</b>	<b>\$ 1,396,310</b>	<b>\$ 335,382</b>	<b>\$ 465,096</b>	<b>\$ 6,398,104</b>	<b>\$ 655,729</b>	<b>\$ 343,277</b>	<b>\$ 999,006</b>	<b>\$ 7,387,110</b>

**MARTHA'S TABLE, INC.**

**STATEMENTS OF CASH FLOWS**

	<u>Year Ended December 31,</u>	
	<u>2013</u>	<u>2012</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 3,122,822	\$ (363,748)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Bad Debt Expense	28,616	-
Depreciation and Amortization	276,795	252,649
Donated Investments	(208,756)	(31,714)
Proceeds from Sales of Unrestricted Donated Stock	208,645	31,714
Unrealized and Realized (Gains)/Losses on Investments, Net	111	(18,839)
Change in:		
Pledges and Contributions Receivable	(168,833)	56,574
Grants Receivable	(83,570)	8,602
Prepaid Expenses	(16,794)	23,444
Accounts Payable and Accrued Expenses	(69,523)	7,419
Deferred Revenue	159,544	38,147
Net Cash Provided by Operating Activities	<u>3,249,057</u>	<u>4,248</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	-	2,498,673
Purchases of Investments	-	(1,413,875)
Purchases of Property and Equipment	(187,723)	(61,118)
Net Cash Provided by (Used in) Investing Activities	<u>(187,723)</u>	<u>1,023,680</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>3,061,334</b>	<b>1,027,928</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of Year</b>	<b><u>3,055,585</u></b>	<b><u>2,027,657</u></b>
<b>CASH AND CASH EQUIVALENTS, End of Year</b>	<b><u>\$ 6,116,919</u></b>	<b><u>\$ 3,055,585</u></b>

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND 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 education and development, and make provisions for social services and economic opportunities.

**Program Services**

***The Food Program***

Martha's Table's Food Program offers emergency meals, on-site grocery distributions, school grocery distributions, and meals for the children education and youth program. McKenna's Wagon, Martha's Table's street feeding program, distributes food to the hungry and homeless seven days a week at three regularly scheduled sites. Martha's Table also provides groceries through monthly distributions off-site at 8 DC Public Schools, Rita-Bright 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 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 46,986 (unaudited) and 44,473 (unaudited) visits to Martha's Outfitters during the years ended December 31, 2013 and 2012, respectively.

A second Martha's Outfitters location was opened in May 2013 to serve the residents of Anacostia and surrounding neighborhoods in Southeast, DC. The location is also open five days a week from Tuesday through Saturday and provides the same services as the 14<sup>th</sup> Street location.

***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. 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.

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Program Services (Continued)**

*The Older Youth Programs*

Martha's Table has 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 five years of graduating high school.

**Basis of Accounting**

The accompanying financial statements have been prepared using the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when the obligation is incurred.

**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. Cash and cash equivalents include:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Designated – Capacity Building	\$ 2,712,134	\$ -
Designated – Reserve	300,000	300,000
Restricted Contributions	406,780	114,000
Undesignated	<u>2,698,005</u>	<u>2,641,585</u>
	<u>\$ 6,116,919</u>	<u>\$ 3,055,585</u>

**Pledges and Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are reflected as pledges and contributions receivable and are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are reflected as pledges and contributions receivable and are recorded at their net present value using a risk adjusted discount rate of 3 percent. Amortization of the discount on long-term pledges and contributions receivable is recognized as contributions and grants revenue.

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Pledges and Contributions Receivable (Continued)**

Management evaluates the need for allowances based on a review of the estimated collectability of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. Based on management's evaluation of collectability of pledges and contributions receivable, no allowance for uncollectible accounts was required at December 31, 2013 and 2012. Bad debt expense was \$28,616 for the year ended December 31, 2013 and \$0 for the year ended December 31, 2012.

**Grants Receivable**

Grant expenses incurred before the related grant revenue is received are recorded as grants receivable.

Management evaluates the need for allowances based on a review of the estimated collectability of the specific accounts, plus a general provision based on historical loss experience and existing economic conditions. Uncollectible amounts are charged off against the allowance for doubtful accounts once management determines an account, or a portion thereof, to be uncollectible. Management considers all amounts under the terms of the grants at December 31, 2013 and 2012 to be collectible.

**Property and Equipment**

Property and equipment is recorded at cost or, if donated, at fair value at the date of donation. Martha's Table capitalizes purchases over \$1,000 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 and Equipment	3 – 15 Years
Vans	5 Years
Website	5 Years

**Net Assets**

Martha's Table classifies net assets into two categories: unrestricted and temporarily restricted. Within unrestricted net assets, Martha's Table's board has designated net assets for a reserve fund that consists of amounts for non-recurring expenses that require board action before they can be expended, and designated net assets for expansion activities, that was funded by a \$3,000,000 contribution from one foundation donor for board designated efforts that will contribute to the capacity building of Martha's Table.

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, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenue Recognition**

Martha's Table records contributions as revenue when they are unconditionally pledged by the donor or when received in cash if not pledged. Donated investments are reflected as contributions and grants revenue and are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Temporarily restricted revenues 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.

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.

Special events revenue is presented net of revenue sharing amounts paid to a partner organization and expenses of the special events as follows for the year ended:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Special Events Revenue, Gross	\$ 417,449	\$ 356,712
Less: Revenue Sharing Amounts Paid to a Partner Non-Profit Organization	(182,099)	(99,239)
Less: Special Events Expenses	<u>(58,302)</u>	<u>(64,248)</u>
Special Events Revenue, Net	<u>\$ 177,048</u>	<u>\$ 193,225</u>

**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, 2013 and 2012, donated food was valued by management at \$1,009,181 and \$896,860, respectively, and donated clothing and other items were valued by management at \$2,129,116 and \$1,830,449, respectively, in the statements of activities and change in net assets. Martha's Table periodically reviews its systems and processes for calculating in-kind donation values and makes necessary updates.

Martha's Table's Food Program benefited from approximately 32,129 (unaudited) and 23,474 (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 nonfinancial assets or require specialized skills. The amount of such unrecorded labor was estimated by management at \$273,097 (unaudited) and \$199,529 (unaudited) for the years ended December 31, 2013 and 2012, respectively.

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Donated Contributions (Continued)**

Donated services are recorded in the financial statements to the extent that those services create or enhance a nonfinancial asset, or the services require specialized skills, the service is provided by individuals who possess those skills, and the service would typically need to be purchased if not contributed. Donated executive services of \$112,500 that meet these criteria were recorded for year ended December 31, 2013. There were no donated services for year ended December 31, 2012.

**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, 2013 and 2012. Martha's Table recognizes interest expense and penalties on income taxes related to uncertain tax positions in general administration expenses on the statements of activities and change in net assets and accounts payable and accrued expenses in the statements of financial position. There is no provision in these financial statements for penalties and interest on income taxes related to uncertain tax positions for the years ended December 31, 2013 and 2012. Tax years prior to 2010 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

**Concentrations**

Martha's Table has cash and cash equivalent balances in excess of Federal Deposit Insurance Corporation (FDIC) limits totaling \$34,690 at December 31, 2013. In addition, \$5,322,380 in funds are held at a local financial institution through a master repurchase agreement whereby the funds are invested in securities backed by the United States government and related agencies.

For the years ended December 31, 2013 and 2012, approximately 20 percent and 35 percent, respectively, of total Support and Revenues (excluding in-kind contributions) was received from federal and state funds.

**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.

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Accounting Standard**

During 2013, Martha's Table adopted the FASB Accounting Standards Update 2012-05, *Statement of Cash Flows: Not-for-Profit Entities: Classification of the Sale Proceeds of Donated Financial Assets in the Statement of Cash Flows*, which requires the classification of donated securities that have no donor-imposed restriction and that are nearly immediately converted into cash, as cash from operating activities. As permitted by the standard, Martha's Table elected to apply the standard retrospectively to 2012.

**Subsequent Events**

Martha's Table has evaluated events and transactions for potential recognition or disclosure through July 9, 2014, the date the financial statements were available to be issued.

**Reclassifications**

Certain reclassifications have been made to 2012 amounts to conform to the 2013 presentation.

**NOTE 2 – PLEDGES AND CONTRIBUTIONS RECEIVABLE**

Pledges and contributions receivable consist of the following:

	<u>December 31,</u>	
	<u>2013</u>	<u>2012</u>
Pledges and Contributions Receivable in Less than One Year	\$ 311,417	\$ 265,888
Pledges and Contributions Receivable in One to Five Years	<u>97,592</u>	<u>-</u>
Total Pledges and Contributions Receivable	409,009	265,888
Less: Discount to Net Present Value	<u>(2,904)</u>	<u>-</u>
Net Pledges and Contributions Receivable	<u>\$ 406,105</u>	<u>\$ 265,888</u>



**MARTHA'S TABLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2013 AND 2012**

**NOTE 3 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	December 31,	
	2013	2012
Land	\$ 921,044	\$ 921,044
Buildings and Improvements	5,331,436	5,295,901
Furniture and Equipment	632,219	480,031
Vans	131,657	131,657
Website	50,000	50,000
	7,066,356	6,878,633
Less: Accumulated Depreciation and Amortization	(4,528,155)	(4,251,360)
	\$ 2,538,201	\$ 2,627,273

**NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following:

	December 31,	
	2013	2012
Program Personnel – Performance Management	\$ 240,000	\$ -
Time Restricted	144,687	-
Meals for Minds Program	-	114,000
Early Childhood Specialist	72,000	-
Food Pantry	40,000	-
Van	43,000	-
Special Events	11,780	-
	\$ 551,467	\$ 114,000

**NOTE 5 – COMMITMENT**

In February 2013, Martha's Table entered into a 39-month non-cancellable retail space lease agreement for a second Martha's Outfitters location. The lease expires May 2016 and provides for one three-year renewal option with rents escalating at a minimum of 3 percent per year over the renewal term. The lease calls for monthly payments of rent, plus direct payment of utilities and insurance and reimbursement of common area maintenance costs and real estate taxes. The terms of the lease agreement required a security deposit of \$3,684, which is included in prepaid expenses in the accompanying statements of financial position. Rent expense at December 31, 2013 totaled \$35,751.

**MARTHA'S TABLE, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**DECEMBER 31, 2013 AND 2012**

**NOTE 5 – COMMITMENT (Continued)**

Future minimum annual rents under the lease are as follows:

<u>Year Ending December 31,</u>	
2014	\$ 45,743
2015	48,199
2016	<u>18,420</u>
	<u>\$ 112,362</u>

**NOTE 6 – 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 contributes 3 percent for all eligible employees, plus Martha's Table makes a 1 percent contribution if the employee contributes 1 percent. Martha's Table made contributions of \$84,418 and \$66,303 to this plan for the years ended December 31, 2013 and 2012, respectively.