

**Martha's Table, Inc.**  
**Financial Statements**  
**and Independent Auditor's Report**  
**December 31, 2014 and 2013**

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities and Change in Net Assets	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8

Independent Auditor's 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 statement of financial position as of December 31, 2014, the related statement of activities and change in net assets, statement of functional expenses and statement of cash flows for the year then ended, and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Martha's Table as of December 31, 2014, and the change in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Prior Period Financial Statements**

The financial statements of Martha's Table as of December 31, 2013 were audited by other auditors, whose report dated July 9, 2014 expressed an unmodified opinion on these statements.



Bethesda, Maryland  
August 17, 2015

MARTHA'S TABLE, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	<u>2014</u>	<u>2013</u>
Cash and Cash Equivalents	\$ 5,805,554	\$ 6,116,919
Pledges and Contributions Receivable	2,075,843	406,105
Grants Receivable	133,807	215,723
Prepaid Expenses	57,612	27,490
Property and Equipment, Net	<u>2,457,482</u>	<u>2,538,201</u>
	<u>\$ 10,530,298</u>	<u>\$ 9,304,438</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable and Accrued Expenses	\$ 245,024	\$ 225,495
Deferred Revenue	<u>166,835</u>	<u>197,691</u>
Total Liabilities	411,859	423,186

NET ASSETS

Unrestricted:		
Board Designated – Reserve Fund	300,000	300,000
Board Designated – Capacity Building	2,153,799	2,712,134
Operating	<u>4,987,242</u>	<u>5,317,651</u>
Total Unrestricted	7,441,041	8,329,785
Temporarily Restricted	<u>2,677,398</u>	<u>551,467</u>
	<u>10,118,439</u>	<u>8,881,252</u>
	<u>\$ 10,530,298</u>	<u>\$ 9,304,438</u>

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

YEARS ENDED DECEMBER 31, 2014 AND 2013

MARTHA'S TABLE, INC.

STATEMENTS OF ACTIVITIES AND CHANGE IN NET ASSETS

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>SUPPORT AND REVENUES</b>						
Contributions and Grants						
Individuals	\$ 1,852,644	\$ 1,200,000	\$ 3,052,644	\$ 1,461,168	\$ 529,096	\$ 1,990,264
Corporations	345,010	267,300	612,310	182,120	73,000	255,120
Foundations	559,559	1,125,000	1,684,559	3,670,526	40,000	3,710,526
Civic and Religious Groups	121,618	-	121,618	137,436	-	137,436
Combined Federal Campaign	537,015	-	537,015	403,097	-	403,097
Federal and State Funds	1,573,704	-	1,573,704	1,750,334	-	1,750,334
	<u>4,989,550</u>	<u>2,592,300</u>	<u>7,581,850</u>	<u>7,604,681</u>	<u>642,096</u>	<u>8,246,777</u>
In-Kind Contributions						
Donated Services	170,000	-	170,000	112,500	-	112,500
Donated Food	977,267	-	977,267	1,009,181	-	1,009,181
Donated Clothing and Other Items	2,069,356	-	2,069,356	2,129,116	-	2,129,116
	<u>3,216,623</u>	<u>-</u>	<u>3,216,623</u>	<u>3,250,797</u>	<u>-</u>	<u>3,250,797</u>
Other Revenues						
Childcare Co-Pay	78,794	-	78,794	65,559	-	65,559
Investment Income	27,026	-	27,026	22,202	-	22,202
Martha's Outfitters	517,339	-	517,339	532,279	-	532,279
Miscellaneous Income	4,628	-	4,628	30,099	-	30,099
Special Events, Net	218,837	81,090	299,927	165,268	11,780	177,048
Net Assets Released from Restrictions –						
Satisfaction of Restrictions	547,459	(547,459)	-	216,409	(216,409)	-
	<u>1,394,083</u>	<u>(466,369)</u>	<u>927,714</u>	<u>1,031,816</u>	<u>(204,629)</u>	<u>827,187</u>
Total Support and Revenues	9,600,256	2,125,931	11,726,187	11,887,294	437,467	12,324,761

	Year Ended December 31,					
	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
EXPENSES						
Program Services						
Food Program	\$ 2,454,655	\$ -	\$ 2,454,655	\$ 1,894,936	\$ -	\$ 1,894,936
Martha's Outfitters	2,730,526	-	2,730,526	2,623,353	-	2,623,353
Elementary Program	740,489	-	740,489	632,179	-	632,179
Early Childhood Education Program	2,108,777	-	2,108,777	1,715,697	-	1,715,697
Older Youth Program	-	-	-	309,927	-	309,927
Success Center Program	230,002	-	230,002	290,902	-	290,902
Total Program Services	<u>8,264,449</u>	<u>-</u>	<u>8,264,449</u>	<u>7,466,994</u>	<u>-</u>	<u>7,466,994</u>
Supporting Services						
General Administration	1,642,830	-	1,642,830	1,088,444	-	1,088,444
Fundraising	581,721	-	581,721	646,501	-	646,501
Total Supporting Services	<u>2,224,551</u>	<u>-</u>	<u>2,224,551</u>	<u>1,734,945</u>	<u>-</u>	<u>1,734,945</u>
Total Expenses	<u>10,489,000</u>	<u>-</u>	<u>10,489,000</u>	<u>9,201,939</u>	<u>-</u>	<u>9,201,939</u>
CHANGE IN NET ASSETS	(888,744)	2,125,931	1,237,187	2,685,355	437,467	3,122,822
NET ASSETS, Beginning of Year	<u>8,329,785</u>	<u>551,467</u>	<u>8,881,252</u>	<u>5,644,430</u>	<u>114,000</u>	<u>5,758,430</u>
NET ASSETS, End of Year	<u>\$ 7,441,041</u>	<u>\$ 2,677,398</u>	<u>\$ 10,118,439</u>	<u>\$ 8,329,785</u>	<u>\$ 551,467</u>	<u>\$ 8,881,252</u>

MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2014

	Program Services					Supporting Services				Total Expenses
	Food Program	Martha's Outfitters	Elementary to Career Program	Early Childhood Education Program	Success Center Program	Total Program Services	General Administration	Fundraising	Total Supporting Services	
<b>PERSONNEL EXPENSES</b>										
Salaries (Including Donated Services)	\$ 421,106	\$ 310,919	\$ 338,334	\$ 1,248,101	\$ 134,536	\$ 2,452,996	\$ 863,152	\$ 313,859	\$ 1,177,011	\$ 3,630,007
Payroll Taxes and Benefits	104,300	72,361	81,880	285,376	32,396	576,313	238,761	60,635	299,396	875,709
	<u>525,406</u>	<u>383,280</u>	<u>420,214</u>	<u>1,533,477</u>	<u>166,932</u>	<u>3,029,309</u>	<u>1,101,913</u>	<u>374,494</u>	<u>1,476,407</u>	<u>4,505,716</u>
<b>OPERATING EXPENSES</b>										
Bad Debt Expense	-	-	-	540	-	540	-	-	-	540
Children's Food	113,386	-	1,057	3,746	705	118,894	-	-	-	118,894
Depreciation and Amortization	45,480	48,791	58,641	95,930	15,621	264,463	31,033	5,019	36,052	300,515
Extermination	712	763	918	1,502	245	4,140	1,093	79	1,172	5,312
Food – Other	422,302	-	990	69	437	423,798	-	-	-	423,798
Gasoline	14,272	5,220	-	-	175	19,667	98	-	98	19,765
Insurance	8,432	9,047	10,873	17,786	2,896	49,034	13,262	930	14,192	63,226
Meetings	72	97	-	414	793	1,376	6,846	-	6,846	8,222
Miscellaneous	10,794	8,141	21,213	19,040	-	59,188	53,452	16,297	69,749	128,937
Newsletter	11,797	12,932	15,525	25,493	4,182	69,929	8,018	1,344	9,362	79,291
Postage	12,695	13,916	16,706	27,434	4,501	75,252	8,629	1,446	10,075	85,327
Consultants and Professional Fees	101,469	15,177	88,589	175,187	2,935	383,357	305,753	169,134	474,887	858,244
Repairs and Maintenance	40,169	41,888	32,868	70,726	8,631	194,282	39,627	3,230	42,857	237,139
Rent	-	58,366	-	-	-	58,366	-	-	-	58,366
Sales and Use Tax	-	10,242	-	-	-	10,242	-	-	-	10,242
Supplies	141,681	22,748	23,872	60,403	11,673	260,377	39,657	5,917	45,574	305,951
Tax, Tags and Licenses	165	8	-	-	-	173	421	-	421	594
Trash Removal	3,432	3,683	4,426	7,240	1,179	19,960	3,949	379	4,328	24,288
Travel	128	93	12,321	17,286	466	30,294	2,112	684	2,796	33,090
Utilities	24,996	26,778	32,276	52,504	8,631	145,185	26,967	2,768	29,735	174,920
	<u>951,982</u>	<u>277,890</u>	<u>320,275</u>	<u>575,300</u>	<u>63,070</u>	<u>2,188,517</u>	<u>540,917</u>	<u>207,227</u>	<u>748,144</u>	<u>2,936,661</u>
<b>DONATION EXPENSES</b>										
Donated Food	977,267	-	-	-	-	977,267	-	-	-	977,267
Donated Clothing and Other Items	-	2,069,356	-	-	-	2,069,356	-	-	-	2,069,356
	<u>977,267</u>	<u>2,069,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,046,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,046,623</u>
<b>Total Expenses</b>	<u>\$ 2,454,655</u>	<u>\$ 2,730,526</u>	<u>\$ 740,489</u>	<u>\$ 2,108,777</u>	<u>\$ 230,002</u>	<u>\$ 8,264,449</u>	<u>\$ 1,642,830</u>	<u>\$ 581,721</u>	<u>\$2,224,551</u>	<u>\$ 10,489,000</u>



MARTHA'S TABLE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2013

	Program Services						Supporting Services				
	Food Program	Martha's Outfitters	Elementary to Career Program	Early Childhood Education Program	Older Youth Program	Success Center Program	Total Program Services	General Administration	Fundraising	Total Supporting Services	Total Expenses
<b>PERSONNEL EXPENSES</b>											
Salaries (Including Donated Services)	\$ 292,661	\$ 256,863	\$ 287,325	\$ 976,951	\$ 125,031	\$ 101,345	\$ 2,040,176	\$ 662,357	\$ 220,293	\$ 882,650	\$ 2,922,826
Payroll Taxes and Benefits	63,328	41,387	64,232	190,736	32,593	25,507	417,783	144,045	42,094	186,139	603,922
	<u>355,989</u>	<u>298,250</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>262,387</u>	<u>1,068,789</u>	<u>3,526,748</u>
<b>OPERATING EXPENSES</b>											
Bad Debt Expense	-	-	-	-	-	-	-	28,616	-	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	27,680	52,591	60,895	30,447	30,448	257,421	11,070	8,304	19,374	276,795
Extermination	1,211	625	1,178	1,365	671	671	5,721	249	176	425	6,146
Food – Other	236,213	297	166	8,156	35	497	245,364	915	462	1,377	246,741
Gasoline	7,726	-	1,267	2,556	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	166	597	96	96	1,216	1,478	26	1,504	2,720
Miscellaneous	731	3,804	2,636	7,557	1,990	5,557	22,275	37,326	4,040	41,366	63,641
Newsletter	3,822	1,718	3,261	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	39,453
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	56,465	72,581	25,366	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	29,670	106,726	21,252	14,354	254,345	32,031	13,064	45,095	299,440
Tax, Tags and Licenses	1,671	464	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	6,059	10,326	4,555	3,436	25,436	608	273	881	26,317
Utilities	23,556	15,257	25,472	37,278	13,118	12,799	127,480	4,535	891	5,426	132,906
	<u>529,766</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>666,156</u>	<u>2,536,894</u>
<b>DONATION EXPENSES</b>											
Donated Food	1,009,181	-	-	-	-	-	1,009,181	-	-	-	1,009,181
Donated Clothing and Other Items	-	2,129,116	-	-	-	-	2,129,116	-	-	-	2,129,116
	<u>1,009,181</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>	<u>\$ 1,894,936</u>	<u>\$ 2,623,353</u>	<u>\$ 632,179</u>	<u>\$ 1,715,697</u>	<u>\$ 309,927</u>	<u>\$ 290,902</u>	<u>\$ 7,466,994</u>	<u>\$ 1,088,444</u>	<u>\$ 646,501</u>	<u>\$ 1,734,945</u>	<u>\$ 9,201,939</u>

MARTHA'S TABLE, INC.

STATEMENTS OF CASH FLOWS

	<u>Year Ended December 31,</u>	
	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 1,237,187	\$ 3,122,822
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Bad Debt Expense	540	28,616
Depreciation and Amortization	300,515	276,795
Donated Investments	(113,018)	(208,756)
Proceeds from Sales of Unrestricted Donated Stock	113,018	208,645
Unrealized and Realized Losses on Investments, Net	-	111
Change in:		
Pledges and Contributions Receivable	(1,670,278)	(168,833)
Grants Receivable	81,916	(83,570)
Prepaid Expenses	(30,122)	(16,794)
Accounts Payable and Accrued Expenses	19,529	(69,523)
Deferred Revenue	(30,856)	159,544
Net Cash Provided by (Used in) Operating Activities	<u>(91,569)</u>	<u>3,249,057</u>
CASH USED IN INVESTING ACTIVITIES		
Purchases of Property and Equipment	<u>(219,796)</u>	<u>(187,723)</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(311,365)	3,061,334
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>6,116,919</u>	<u>3,055,585</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 5,805,554</u>	<u>\$ 6,116,919</u>

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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 Healthy Eating Program offers emergency meals, on-site grocery distributions, school grocery distributions, and meals for the Early Childhood Education and youth programs. 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 10 Public Elementary Schools, one community center and an on-site grocery program throughout the month. The on-site program serves meals to the children and youth at Martha's Table. These meals meet and exceed government nutritional standards.

*Martha's Outfitters*

Martha's Outfitters is open to the community six days a week, Monday 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 sleeping bags, blankets, toiletries and children's supplies to low-income families and individuals in the community through a referral program. There were 51,953 (unaudited) and 46,986 (unaudited) visits to Martha's Outfitters during the years ended December 31, 2014 and 2013, 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 six days a week from Monday through Friday, from 9 a.m. to 4:30 p.m., and Saturday, from 10 a.m. to 2 p.m. and provides the same services as the 14<sup>th</sup> Street location.

*Early Childhood Education Program*

Martha's Table is committed to child development and nutrition. The Early Childhood Education program (ages 3 months to 5 years) prepares preschool children for school and develops the parenting skills of their parents. The Early Childhood Education programs covers the Pre-K (3 to 5 years) covered under Pre-K Incentive grant, Pre-K Before and After under Child Subsidy contract and Pre-K OST (out of school) programming.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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

Program Services (Continued)

*Elementary to Career Program*

The Elementary to Career 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. The Older Youth Program (ages 14 and up) includes Martha's Table Collegiate Academy (MTCA) which engages high school students 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 from high school and succeeding in college challenging. The Older Youth Program goal is also to increase the graduation rate of DC students enrolling in college and obtaining a degree within five years of graduating from 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>2014</u>	<u>2013</u>
Designated – Capacity Building	\$ 2,153,799	\$ 2,712,134
Designated – Reserve	300,000	300,000
Restricted Contributions	1,060,933	406,780
Undesignated	<u>2,290,822</u>	<u>2,698,005</u>
	<u>\$ 5,805,554</u>	<u>\$ 6,116,919</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. 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, 2014 AND 2013

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, 2014 and 2013. Bad debt expense was \$540 and \$28,616 for the years ended December 31, 2014 and 2013, respectively.

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, 2014 and 2013 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, 2014 AND 2013

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:

	December 31,	
	2014	2013
Special Events Revenue, Gross	\$ 613,983	\$ 417,449
Less: Revenue Sharing Amounts Paid to a Partner Non-Profit Organization	(233,497)	(182,099)
Less: Special Events Expenses	<u>(80,559)</u>	<u>(58,302)</u>
Special Events Revenue, Net	<u>\$ 299,927</u>	<u>\$ 177,048</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, 2014 and 2013, donated food was valued by management at \$977,267 and \$1,009,181, respectively, and donated clothing and other items were valued by management at \$2,069,356 and \$2,129,116, 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 33,734 (unaudited) and 32,129 (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 \$286,739 (unaudited) and \$273,097 (unaudited) for the years ended December 31, 2014 and 2013, respectively.

MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

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 \$170,000 and \$112,500 that meet these criteria were recorded for years ended December 31, 2014 and 2013, 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, 2014 and 2013. 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, 2014 and 2013. Tax years prior to 2011 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 \$107,920 at December 31, 2014. In addition, \$5,376,292 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, 2014 and 2013, approximately 20 percent and 20 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, 2014 AND 2013

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.

Subsequent Events

Martha's Table has evaluated events and transactions for potential recognition or disclosure through August 17, 2015, the date the financial statements were available to be issued.

NOTE 2 – PLEDGES AND CONTRIBUTIONS RECEIVABLE

Pledges and contributions receivable consist of the following:

	December 31,	
	2014	2013
Pledges and Contributions Receivable in Less than One Year	\$ 1,119,878	\$ 311,417
Pledges and Contributions Receivable in One to Five Years	955,965	97,592
Total Pledges and Contributions Receivable	2,075,843	409,009
Less: Discount to Net Present Value	-	(2,904)
Net Pledges and Contributions Receivable	<u>\$ 2,075,843</u>	<u>\$ 406,105</u>

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	December 31,	
	2014	2013
Land	\$ 921,044	\$ 921,044
Buildings and Improvements	5,335,657	5,331,436
Furniture and Equipment	734,988	632,219
Vans	238,160	131,657
Website	50,000	50,000
	<u>7,279,849</u>	<u>7,066,356</u>
Less: Accumulated Depreciation and Amortization	<u>(4,822,367)</u>	<u>(4,528,155)</u>
	<u>\$ 2,457,482</u>	<u>\$ 2,538,201</u>



MARTHA'S TABLE, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014 AND 2013

NOTE 4 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<u>December 31,</u>	
	<u>2014</u>	<u>2013</u>
The Commons Expansion	\$ 1,000,000	\$ -
Joyful Food Markets	1,100,000	-
Program Personnel – Performance Management	159,721	240,000
Time Restricted	174,597	144,687
Early Childhood Education	100,000	-
Early Childhood Specialist/Movement Studio	53,990	72,000
Special Events	81,090	11,780
Witness to Hunger	8,000	-
Food Pantry	-	40,000
Van	-	43,000
	<u>\$ 2,677,398</u>	<u>\$ 551,467</u>

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 was \$58,366 and \$35,751, for the years ended December 31, 2014 and 2013, respectively.

Future minimum annual rents under the lease are as follows:

<u>Year Ending December 31,</u>	
2015	\$ 48,097
2016	<u>20,467</u>
	<u>\$ 68,564</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 \$90,067 and \$84,418 to this plan for the years ended December 31, 2014 and 2013, respectively.