

**Martha's Table, Inc. and Affiliates**

**Consolidated Financial Statements  
With Supplementary Information  
and Independent Auditor's Report**

**Eighteen Months Ended June 30, 2020**

## Martha's Table, Inc. and Affiliates

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Martha's Table, Inc. and Affiliates (collectively, "Martha's Table"), which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the eighteen months then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Martha's Table, Inc. and Affiliates as of June 30, 2020, and the change in its net assets and its cash flows for the eighteen months then ended in accordance with accounting principles generally accepted in the United States of America.

*Emphasis of Matter*

As discussed in Note 1 to the consolidated financial statements, Martha's Table adopted Financial Accounting Standards Board's Accounting Standards Update No. 2014-09, Revenue from Contracts with Customers and Accounting Standards Update No. 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, and applied these standards on a modified prospective basis. Our opinion is not modified with respect to these matters.

*CohnReznick LLP*

Bethesda, Maryland  
November 30, 2020

**Martha's Table, Inc. and Affiliates**  
**Consolidated Statement of Financial Position**  
**June 30, 2020**

Assets

Cash and cash equivalents	\$ 25,979,668
Pledges and contributions receivable, net	1,771,394
Grants and accounts receivable	1,582,480
Investments	16,221,570
Note receivable	18,974,200
Prepaid expenses	158,166
Property and equipment, net	<u>27,526,167</u>
	<u><u>\$ 92,213,645</u></u>

Liabilities and Net Assets

<b>Liabilities</b>	
Accounts payable and accrued expenses	\$ 1,716,381
Deferred revenue	200,886
Long-term debt	27,465,000
Deferred lease incentive	<u>86,562</u>
Total liabilities	<u>29,468,829</u>
<b>Net assets</b>	
Without donor restrictions	
Board designated - reserve fund	16,835,500
Operating	<u>43,714,947</u>
Total net assets without donor restrictions	60,550,447
With donor restrictions	<u>2,194,369</u>
Total net assets	<u>62,744,816</u>
	<u><u>\$ 92,213,645</u></u>

See Notes to Consolidated Financial Statements.

**Martha's Table, Inc. and Affiliates**

**Consolidated Statement of Activities and Change in Net Assets  
Eighteen Months Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenues			
Contributions and grants			
Individuals	\$ 9,827,629	\$ 1,763,336	\$ 11,590,965
Corporations	806,329	799,241	1,605,570
Foundations	2,530,333	1,188,000	3,718,333
Civic and religious groups	200,644	34,500	235,144
Combined federal campaign	994,991	4,761	999,752
Federal and state funds	7,023,905	-	7,023,905
	<u>21,383,831</u>	<u>3,789,838</u>	<u>25,173,669</u>
In-kind contributions			
Donated services	58,650	-	58,650
Donated food	1,441,684	-	1,441,684
Donated clothing and other items	1,331,781	-	1,331,781
	<u>2,832,115</u>	<u>-</u>	<u>2,832,115</u>
Other revenues			
Childcare co-pay	124,186	-	124,186
Investment income	1,470,427	-	1,470,427
Martha's Outfitters	16,608	-	16,608
Miscellaneous income	5,305	-	5,305
Loss on disposal	(69,725)	-	(69,725)
Special events, net	608,247	-	608,247
Net assets released from restrictions - satisfaction of restrictions	7,338,271	(7,338,271)	-
	<u>9,493,319</u>	<u>(7,338,271)</u>	<u>2,155,048</u>
Total support and revenues	<u>33,709,265</u>	<u>(3,548,433)</u>	<u>30,160,832</u>
Expenses			
Program services			
Health and Wellness Initiatives	7,172,114	-	7,172,114
Parent and Family Initiatives	2,727,844	-	2,727,844
Education Initiatives	9,165,174	-	9,165,174
Neighborhood Impact Initiatives	871,255	-	871,255
	<u>19,936,387</u>	<u>-</u>	<u>19,936,387</u>
Supporting services			
General administration	4,315,851	-	4,315,851
Fundraising and communications	1,740,990	-	1,740,990
	<u>6,056,841</u>	<u>-</u>	<u>6,056,841</u>
Total expenses	<u>25,993,228</u>	<u>-</u>	<u>25,993,228</u>
Change in net assets	7,716,037	(3,548,433)	4,167,604
Net assets, beginning of period	52,834,410	5,742,802	58,577,212
Net assets, end of period	<u>\$ 60,550,447</u>	<u>\$ 2,194,369</u>	<u>\$ 62,744,816</u>

See Notes to Consolidated Financial Statements.

## Martha's Table, Inc. and Affiliates

### Consolidated Statement of Functional Expenses Eighteen Months Ended June 30, 2020

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Health and Wellness Initiatives	Parent and Family Initiatives	Education Initiatives	Neighborhood Impact Initiatives		General Administration	Fundraising and Communications	Total Supporting Services	
Personnel expenses									
Salaries (including donated services)	\$ 2,076,535	\$ 817,857	\$ 4,060,168	\$ 434,772	\$ 7,389,332	\$ 1,532,961	\$ 975,306	\$ 2,508,267	\$ 9,897,599
Payroll taxes and benefits	468,866	172,699	937,099	21,614	1,600,278	329,339	212,519	541,858	2,142,136
	<u>2,545,401</u>	<u>990,556</u>	<u>4,997,267</u>	<u>456,386</u>	<u>8,989,610</u>	<u>1,862,300</u>	<u>1,187,825</u>	<u>3,050,125</u>	<u>12,039,735</u>
Operating expenses									
Children's food	134,865	-	5,698	-	140,563	-	-	-	140,563
Depreciation and amortization	228,527	48,642	587,516	130,786	995,471	779,893	45,069	824,962	1,820,433
Extermination	2,020	303	4,863	818	8,004	2,224	282	2,506	10,510
Family assistance	-	-	1,368,117	-	1,368,117	-	-	-	1,368,117
Food - Other	1,942,048	796	15,611	20,924	1,979,379	-	-	-	1,979,379
Gasoline	9,243	1,030	385	86	10,744	-	29	29	10,773
Insurance	28,778	6,442	70,202	9,166	114,588	47,264	5,891	53,155	167,743
Interest	-	-	-	-	-	477,766	-	477,766	477,766
Meetings	3,224	1,923	7,811	3,719	16,677	35,303	1,555	36,858	53,535
Miscellaneous	49,676	24,989	101,929	79,883	256,477	147,668	147,037	294,705	551,182
Printing and postage	26,502	9,592	40,080	2,706	78,880	55,033	194,367	249,400	328,280
Consultants and professional fees	257,615	49,942	1,100,390	66,031	1,473,978	495,364	112,278	607,642	2,081,620
Repairs and maintenance	145,184	39,151	280,723	47,859	512,917	109,121	16,478	125,599	638,516
Rent	93,478	101,883	155,201	-	350,562	-	-	-	350,562
Research	25,032	-	1,509	-	26,541	3,067	-	3,067	29,608
Supplies	164,832	79,885	222,022	17,306	484,045	149,622	17,094	166,716	650,761
Tax, tags and licenses	1,442	150	1,234	-	2,826	11,591	27	11,618	14,444
Trash removal	8,329	8,262	20,006	3,494	40,091	29,661	1,204	30,865	70,956
Travel	1,930	1,104	39,533	1,217	43,784	1,126	1,383	2,509	46,293
Utilities	62,304	31,413	145,077	30,874	269,668	108,848	10,471	119,319	388,987
	<u>3,185,029</u>	<u>405,507</u>	<u>4,167,907</u>	<u>414,869</u>	<u>8,173,312</u>	<u>2,453,551</u>	<u>553,165</u>	<u>3,006,716</u>	<u>11,180,028</u>
Donation expenses									
Donated food	1,441,684	-	-	-	1,441,684	-	-	-	1,441,684
Donated clothing and other items	-	1,331,781	-	-	1,331,781	-	-	-	1,331,781
	<u>1,441,684</u>	<u>1,331,781</u>	<u>-</u>	<u>-</u>	<u>2,773,465</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,773,465</u>
Total expenses	<u>\$ 7,172,114</u>	<u>\$ 2,727,844</u>	<u>\$ 9,165,174</u>	<u>\$ 871,255</u>	<u>\$ 19,936,387</u>	<u>\$ 4,315,851</u>	<u>\$ 1,740,990</u>	<u>\$ 6,056,841</u>	<u>\$ 25,993,228</u>

See Notes to Consolidated Financial Statements.

**Martha's Table, Inc. and Affiliates**

**Consolidated Statement of Cash Flows  
Eighteen Months Ended June 30, 2020**

Cash flows from operating activities	
Change in net assets	\$ 4,167,604
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation and amortization	1,820,433
Realized and unrealized gains on investments	(505,185)
Receipts from contributions for long-term purposes	(200,000)
Forgiveness of program loan	(1,000,000)
Loss on disposal	69,725
Change in	
Pledges and contributions receivable	3,892,384
Grants and accounts receivable	(950,108)
Prepaid expenses	6,275
Accounts payable and accrued expenses	294,262
Deferred revenue	145,886
Deferred lease incentive	66,621
	<u>7,807,897</u>
Net cash provided by operating activities	<u>7,807,897</u>
Cash flows provided by investing activities	
Purchases of property and equipment	(2,568,210)
Proceeds from repayment of note receivable	26,000,000
Proceeds from sales of investments	317,059
Purchases of investments	(16,033,444)
	<u>7,715,405</u>
Net cash provided by investing activities	<u>7,715,405</u>
Cash flows from financing activities	
Receipts from contributions for long-term purposes	200,000
	<u>200,000</u>
Net cash provided by financing activities	<u>200,000</u>
Increase in cash and cash equivalents	15,723,302
Cash and cash equivalents, beginning of period	<u>10,256,366</u>
Cash and cash equivalents, end of period	<u>\$ 25,979,668</u>
Supplemental cash flow information	
Cash paid for interest	<u>\$ 477,766</u>
Noncash financing activity	
Forgiveness of program loan	<u>\$ 1,000,000</u>

See Notes to Consolidated Financial Statements.



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

### **Notes to Consolidated Financial Statements June 30, 2020**

#### **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 support strong children, strong families, and strong communities by increasing access to quality education programs, healthy food, and family supports.

Martha's Table Hillsdale, LLC ("Hillsdale") is a single member LLC, created in 2015, and is the builder and owner of The Commons at Stanton Square.

Martha's Table SO, Inc. ("MT SO") was created in 2015 to support Martha's Table, Inc. in building a new facility and providing essential programs in the communities of Wards 7 and 8 in Southeast Washington, DC.

##### **Change in fiscal year**

Martha's Table changed its fiscal year-end from December 31 to June 30 and these consolidated financial statements include the results of activities as of and for the eighteen months ended June 30, 2020.

##### **Principles of consolidation**

The consolidated financial statements include the accounts of Martha's Table, MT SO and Hillsdale (collectively, "Martha's Table"). All significant intercompany accounts and transactions between the organizations have been eliminated.

##### **Program services**

###### **Health and Wellness Initiatives**

Martha's Table's Health & Wellness Initiatives increase access to healthy food and support children and their families in making healthy choices. Through these initiatives, Martha's Table offers nutritious prepared meals and healthy groceries at no cost. Meals prepared on-site for its education programs meet or exceed government nutritional standards. McKenna's Wagon, Martha's Table's mobile food truck, serves warm meals seven days a week to individuals experiencing hunger or housing instability. Martha's Table also provides healthy groceries at no cost through regular markets at more than 50 sites in Washington, DC, including elementary schools in Wards 7 and 8, community centers, and at its own facilities.

###### **Parent and Family Initiatives**

Martha's Table's Parent & Family Initiatives help ensure caregivers are deeply supported as they serve as their children's first and most important teachers. These initiatives support parents outside of the classroom through regular family visits throughout the first two years of their child's life. Martha's Table also offers a family resource center, Parent Cafes, and training programs that help parents achieve their personal goals. Additionally, Martha's Outfitters, Martha's Table's no-cost community boutique, offers free access to baby items, including bottles and diapers, as well as children's and professional clothing for families.

###### **Education Initiatives**

Martha's Table's Education Initiatives support children and young adults with high-quality learning experiences that help them thrive from cradle to career. Martha's Table offers nationally accredited, comprehensive early childhood education programs for infants and toddlers ages six weeks to four years. Its curriculum promotes whole child development - focusing on physical, cognitive, and socio-emotional development - to ensure children are on track and ready to learn

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

### **Notes to Consolidated Financial Statements June 30, 2020**

in pre-kindergarten and beyond. In 2020, Martha's Table launched a cash assistance program for families enrolled in its education and family visiting programs, providing emergency financial support to maintain family stability during the COVID-19 crisis. To support older youth, Martha's Table partners with Urban Alliance on a workforce readiness training program for high school students. Students participate in weekly job training workshops starting their freshman year. By senior year, they are placed in nine-month, paid, professional internships.

#### **Neighborhood Impact Initiatives**

Throughout all its work, Martha's Table is guided by its belief that neighborhood matters. Neighborhoods influence access to resources that are critical for life success. With this belief, Martha's Table invests deeply in the neighborhoods surrounding its headquarters in Southeast, DC, and its Community Development team works in partnership with local residents to identify and prioritize opportunities to increase access to essential resources in their community.

#### **Basis of accounting**

The accompanying consolidated 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.

#### **Functional allocation of expenses**

The costs of supporting and managing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and change in net assets. Accordingly, expenses have been allocated among the benefitting program and supporting services based on specific identification or reasonable allocation methodologies.

Expenses considered facilities expenses including personnel, depreciation, and repairs and maintenance are allocated based on square footage. The office of the President/CEO is allocated based on estimated time and level of effort. Information Technology (IT) expenses are allocated based on the number of staff in each department. General and administrative expenses include those expenses that are not directly identifiable with any other specific function, but that provide for the overall support and direction of Martha's Table.

#### **Cash and cash equivalents**

Cash and cash equivalents consist of cash in operating and money market accounts, cash on hand, and highly liquid investments with original maturities of 90 days or less. Martha's Table receives contributions of marketable securities and it is their policy to convert such securities to cash as soon as practical. Consequently, all such securities are included in cash and cash equivalents.

#### **Investments**

Investments consist of fixed income funds, equity securities and money market funds, and are reported at their fair value based on quoted market prices. Realized and unrealized gains (losses) are calculated using a specific-identification method and are recorded, along with interest and dividend income, on the consolidated statement of activities and change in net assets. Money market funds held in investment accounts with investment institutions are classified as investments.

#### **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 3.25%. Amortization of the discount on pledges and contributions receivable is recognized

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

as contributions and grants revenue. 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 June 30, 2020. There was no bad debt expense for the eighteen months ended June 30, 2020.

#### 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. Based on management's evaluation of collectability of grants receivable, no allowance for uncollectible accounts was required at June 30, 2020.

#### Note receivable

Note receivables are recorded at the net realizable value based on assessments made by management. An allowance is established for any note that management deems to be uncollectible based on their assessment. Management determined that the amounts reported as a note receivable were fully realizable, therefore, no such allowance for doubtful accounts was necessary as of June 30, 2020.

#### 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 \$5,000 (\$1,000 prior to January 1, 2019) 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 - 40 years
Furniture and equipment	3 - 15 years
Vans	5 years
Website	5 years

Costs related to construction in progress are not depreciated until the assets are completed and placed in service.

#### Net assets

Martha's Table classifies net assets into two categories: net assets without donor restrictions and net assets with donor restrictions. Within net assets without donor restrictions, Martha's Table's board has designated net assets of \$16,835,500 for a reserve fund that consists of amounts for non-recurring expenses that require board action before they can be expended.

Net assets with donor restrictions consist of contributions with donor-imposed time and/or program-specific restrictions. These restrictions require that resources be used for specific purposes and/or in a certain period. Such net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the funds are used for their donor-imposed purposes and are reported in the consolidated statement of activities and change in net assets as net assets released from restrictions.

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

Net assets with donor restrictions also consist of contributions with donor-imposed restrictions to hold the donated assets in perpetuity. Martha's Table has not received such contributions and, therefore, does not have any such net assets.

#### Revenue recognition

Martha's Table records contributions as contributions and grants revenue when received in cash or when unconditionally pledged by the donor. 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 use unless specifically restricted by the donor. Revenues with donor restrictions are contributions with donor-imposed time and/or program-specific restrictions. These restrictions require that resources be used for specific purposes and/or in a certain period.

Grants and contracts are classified as either conditional or unconditional. Unconditional grants and contributions are recognized as revenue when the commitment to contribute is received and is reported as without donor restrictions revenue and support unless specifically restricted by the donor or by law. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as with donor restrictions revenue and support. Revenue is recognized on a conditional contribution once a barrier or hurdle to be entitled to resource is overcome and the resource provider is released from the obligation to fund or has the right of return of any advanced funding if Martha's Table fails to overcome the barrier. Any funding received prior to overcoming the barrier is recognized as refundable advance. Martha's Table has executed conditional grants and contracts totaling approximately \$2,178,000 that have not been recognized at June 30, 2020.

A portion of the Martha's Table's revenue is derived from cost-reimbursable federal and non-federal contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when Martha's Table has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance in the consolidated statement of financial position. Expenses charged to federal grants are subject to audit and adjustment.

Martha's Table has no refundable advances at June 30, 2020.

Special events revenue is recognized as the event occurs, and is presented net of revenue-sharing amounts paid to a partner organization and expenses. Special events revenue, net for the eighteen months ended June 30, 2020 is as follows:

Special events revenue, gross	\$	850,935
Less: Revenue sharing amounts paid to a partner non-profit organization		(120,660)
Less: Special events expenses		<u>(122,028)</u>
Special events revenue, net	\$	<u>608,247</u>

#### In-kind contributions

In-kind contributions include food, clothing, and other items, such as toys and educational materials. In-kind contributions are recorded as in-kind contribution revenue and program or supporting expense at their estimated fair values at the date of donation.

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

### **Notes to Consolidated Financial Statements June 30, 2020**

Area supermarkets, caterers, food vendors, shops, hotels and volunteers provide over 98% of the food served by McKenna's Wagon at no cost or at significant discounts. In-kind contributions related to donated food are determined based on monthly estimates of meals served. In-kind contributions related to clothing and other items are determined based on periodic surveys of sale prices for comparable items at similar local thrift and second-hand stores.

In-kind contributions related to donated services are recorded in the consolidated 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 \$58,650 that meet these criteria were recorded as in-kind contributions in the consolidated statement of activities and change in net assets for the eighteen months ended June 30, 2020.

Martha's Table periodically reviews its systems and processes for calculating in-kind contribution values and makes necessary updates.

For the eighteen months ended June 30, 2020, Martha's Table's Health and Wellness and Parent and Family Initiatives programs benefited from volunteer hours totaling approximately 54,219 (unaudited). The value of hours volunteered at Martha's Table is not recorded in the consolidated financial statements, as it does not create or enhance nonfinancial assets or require specialized skills. The value of such unrecorded labor was estimated by management at \$759,066 (unaudited) for the eighteen months ended June 30, 2020.

#### **Income taxes**

Martha's Table, Inc. and MT SO are exempt from federal tax under the provisions of Section 501(c)(3) of the Internal Revenue Code. Hillsdale is treated as a disregarded entity for income tax purposes and consolidated into Martha's Table, Inc.'s tax filings. Accordingly, the accompanying consolidated 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 believes it has appropriate support for any tax position taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Martha's Table recognizes interest expense and penalties on income taxes related to uncertain tax positions in general administration expenses on the consolidated statement of activities and change in net assets and accounts payable and accrued expenses in the consolidated statement of financial position. There is no provision in these consolidated financial statements for penalties and interest on income taxes related to uncertain tax positions for the eighteen months ended June 30, 2020. Tax years prior to 2017 are no longer subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

#### **Concentrations**

Martha's Table maintains bank deposits with commercial financial institutions that at times may exceed Federal Deposit Insurance Corporation ("FDIC") limits. At June 30, 2020, deposits in excess of FDIC limits totaled \$379,000. Martha's Table monitors the creditworthiness of the institutions and has not experienced any credit losses on its bank deposits, nor does it expect to experience any such losses.

In addition, at June 30, 2020, Martha's Table held funds totaling \$24,804,189 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.

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

#### Use of estimates

Management uses estimates and assumptions in preparing these consolidated 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.

#### Impairment of long-lived assets

Martha's Table reviews its long-lived assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying value of an asset, an impairment loss is recognized for the difference.

#### Changes in accounting principles

During the eighteen months ended June 30, 2020, Martha's Table adopted the provisions of Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers*. This ASU provides new revenue recognition guidance that superseded existing revenue recognition guidance. The update, as amended, requires the recognition of revenue related to the transfer of goods or services to customers which reflects the consideration to which Martha's Table expects to be entitled in exchange for those goods or services. Adopting the standard did not have a material effect on the timing of Martha's Table's revenue recognition for the eighteen months ended June 30, 2020.

In addition, during the eighteen months ended June 30, 2020, Martha's Table adopted Financial Accounting Standards Board ("FASB") ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. Adopting the new standard did not have a material effect on the timing of Martha's Table's revenue recognition for the eighteen months ended June 30, 2020.

#### Note 2 - Liquidity and availability of resources

Martha's Table regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. As part of Martha's Table's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures liabilities and other obligations come due. In addition, Martha's Table invests cash in excess of daily requirements in short term investments.

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

As of June 30, 2020, the following table shows the total financial assets held by Martha's Table and the amount of those financial assets could readily be made available within one year of the statement of financial position date to meet general expenditures:

Financial assets at year-end	
Cash and cash equivalents	\$ 25,979,668
Pledges and contributions receivable, net	1,771,394
Grants and accounts receivable	1,582,480
Investments	16,221,570
Notes receivable	18,974,200
	<hr/>
	64,529,312
Less those unavailable for general expenditure within one year	
Pledges receivable due in excess of one year	(645,334)
Board designated reserve fund	(16,835,500)
New market tax credit reserve accounts	(376,868)
Note receivable due in excess of one year	(18,974,200)
	<hr/>
	\$ 27,697,410
	<hr/> <hr/>

#### Note 3 - Investments

Investments consist of the following at June 30, 2020:

Money market funds	\$ 3,782,809
Fixed income - intermediate term bond funds	6,895,929
Fixed income - short term bond funds	3,835,624
Equity funds	1,707,208
	<hr/>
	\$ 16,221,570
	<hr/> <hr/>

Investment income consists of the following for the eighteen months ended June 30, 2020:

Interest and dividends	\$ 260,423
Realized and unrealized gains on investments	505,185
	<hr/>
Total portfolio investment income	765,608
Interest income from cash and cash equivalents	420,206
Interest income from note receivable	284,613
	<hr/>
	\$ 1,470,427
	<hr/> <hr/>

**Martha's Table, Inc. and Affiliates**

**Notes to Consolidated Financial Statements  
June 30, 2020**

**Note 4 - Pledges and contributions receivable**

Pledges and contributions receivable consist of the following as of June 30, 2020:

Pledges and contributions receivable in less than one year	\$ 1,164,473
Pledges and contributions receivable in one to five years	<u>645,334</u>
Total pledges and contributions receivable	1,809,807
Less: Discount to net present value	<u>(38,413)</u>
Net pledges and contributions receivable	<u><u>\$ 1,771,394</u></u>

**Note 5 - Note receivable**

**Note receivable - New Markets Tax Credits**

In May 2017, Martha's Table SO entered into a note receivable of \$18,974,200 from an outside investment firm that was issued as part of the New Markets Tax Credit financing for the development of the new Martha's Table Headquarters and Early Learning Center. The note accrues interest at 1% per year. Quarterly payments of interest-only are due through July 20, 2024. Quarterly payments of principal and interest are due from October 20, 2024 through October 20, 2044. New Markets Tax Credits note receivable at June 30, 2020 totaled \$18,974,200.

The note receivable is considered to be fully collectible by management as of June 30, 2020. During the eighteen months ended June 30, 2020, interest income of \$284,613 was recognized and \$94,871 remains receivable as of June 30, 2020, respectively, and is included in grants and accounts receivable on the consolidated statement of financial position.

**Note 6 - Property and equipment**

Property and equipment consist of the following at June 30, 2020:

Land	\$ 1,587,208
Buildings and improvements	24,290,958
Furniture and equipment	1,598,561
Leasehold improvements	531,868
Vans	438,722
Construction in progress	<u>1,620,833</u>
	30,068,150
Less: Accumulated depreciation and amortization	<u>(2,541,983)</u>
	<u><u>\$ 27,526,167</u></u>



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

### **Notes to Consolidated Financial Statements June 30, 2020**

#### **Note 7 - Sale of 14th Street property**

On April 27, 2018, Martha's Table sold its 14th Street property for \$30,000,000. As part of the sale, the purchaser paid \$1,000,000 cash, the deposit of \$3,000,000 and previously existing note payable owed to the purchaser by Martha's Table was cancelled, and Martha's Table provided a \$26,000,000 interest-free loan to the purchaser. On November 21, 2018, the note receivable was extended through March 28, 2019, and Martha's Table was required to issue the purchaser a \$100,000 interim refund to pay for development and carrying costs of the property, which was paid back interest-free with the note receivable. On March 29, 2019, the promissory note was extended to May 3, 2019, and was repaid on that date.

As part of the building sale, Martha's Table entered into a rent-free lease with the purchaser, under which Martha's Table leased back the property until August 1, 2018. The lease was extended for up to 6 periods of 30 days each, provided proper notice was given. On November 21, 2018, the lease was extended through March 28, 2019 with a fee of \$30,000. On March 29, 2019, the lease was terminated.

#### **Note 8 - Debt**

##### **Program loan**

During 2016, Martha's Table received a \$1,000,000 program related loan from a foundation to fund the development of the new Martha's Table Headquarters and Early Learning Center located in Ward 8 of Washington, DC. The loan agreement ran through December 30, 2020. The funding was to be used for facility design, development and construction. The lender retained significant involvement in the activities and services provided by Martha's Table. The loan amount was to be forgiven on or before the last day of the agreement as long as Martha's Table complied with all terms of the agreement, completed one year of operation in the new facility and participated in programs set forth by the foundation. During the eighteen months ended June 30, 2020, Martha's Table met all the conditions necessary for forgiveness of the loan and the \$1,000,000 was recognized as contribution revenue on the consolidated statement of activities and change in net assets.

##### **Notes payable - community development entities**

In May 2018, Hillsdale entered into a series of notes payable to help finance construction of the new Martha's Table headquarters located at 2735 Elvans Road SE, through the New Markets Tax Credit ("NMTC") Program. The notes were funded by various Community Development Entities ("CDEs") which received funding from the investment fund which MT SO provided funds to. Martha's Table Hillsdale, LLC received loans of \$3,975,900 and \$1,904,100 from Impact CDE 58 LLC, \$8,371,800 and \$3,388,200 from City First Capital 49, LLC, \$3,313,250 and \$1,686,750 from MS New Markets XIII, LLC, and \$4,825,000 from New Markets Investment 105, LLC. Each loan from the CDEs requires quarterly payments of interest-only at 1.009% per annum through June 30, 2024. Starting on October 5, 2024, quarterly payments of principal and interest are due, with the entire unpaid principal due on October 5, 2052. Notes payable to the CDEs at June 30, 2020 totaled \$27,465,000.

Interest and fees related to long-term debt totaled \$477,766 for the eighteen months ended June 30, 2020.

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

Future maturities on debt are as follows:

<u>Year Ending June 30,</u>	
2021	\$ -
2022	-
2023	-
2024	-
2025	630,700
Thereafter	<u>26,834,300</u>
	<u>\$ 27,465,000</u>

#### Note 9 - Net assets with donor restrictions

Net assets with donor restrictions consist of the following as of June 30, 2020:

Joyful Food Markets	\$ 9,965
Health and Wellness Initiatives	100,000
Education Initiatives	429,520
Programs	530,550
Time restricted	<u>1,124,334</u>
	<u>\$ 2,194,369</u>

#### Note 10 - Leases

On February 22, 2013, Martha's Table entered into a 39-month non-cancellable retail space lease agreement for its second Martha's Outfitters location. The lease originally expired May 31, 2016, but a renewal option was exercised that extended the term to May 31, 2021, with rents escalating at a minimum of 3% 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 consolidated statement of financial position. Rent expense was \$98,755 for the eighteen months ended June 30, 2020.

On June 19, 2015, Martha's Table entered into a 60-month lease for new copiers. The lease called for monthly payments of \$2,907. Upon signing this lease, Martha's Table received a \$38,529 lease incentive payment to be used to pay off the remaining payments on two previous copier leases. The deferred lease incentive was amortized over the life of the lease. The lease expired in June 2020 and continued month to month thereafter.

On May 19, 2017, Martha's Table entered into an agreement to lease space on Columbia Road, N.W. Washington, DC to house its programs ("Maycroft"). The commencement date on the lease was the earlier of 120 days after the delivery date or when Martha's Table received its OSSE license. The commencement date was March 2019. The lease will run for 120 months from the date of commencement. Base rent is \$14,872 per month and increases by 2% each year. Rent expense was \$251,807 for the eighteen months ended June 30, 2020

**Martha's Table, Inc. and Affiliates**

**Notes to Consolidated Financial Statements  
June 30, 2020**

Future minimum annual rents under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Martha's Outfitters</u>	<u>Maycroft</u>	<u>Total</u>
2021	\$ 52,198	\$ 183,241	\$ 235,439
2022	-	186,905	186,905
2023	-	190,644	190,644
2024	-	194,456	194,456
2025	-	198,346	198,346
Thereafter	-	761,339	761,339
	<u>\$ 52,198</u>	<u>\$ 1,714,931</u>	<u>\$ 1,767,129</u>

**Note 11 - 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% for all eligible employees, plus Martha's Table makes a 1% contribution if the employee contributes 1%. Martha's Table made contributions of \$219,694 to this plan for the eighteen months ended June 30, 2020.

**Note 12 - Related party transactions**

On May 19, 2017, Martha's Table signed a lease agreement with Hillsdale to lease the building and improvements. The lease commenced once the building was substantially completed in 2018, and expires on December 31, 2052. Base rent is \$150,000 for 2018, \$300,000 for 2019 - 2023 and \$500,000 for 2024- 2052, payable in quarterly installments throughout the lease term. The rental income and rent expense are eliminated on the consolidated financial statements.

Future minimum annual rents under the lease are as follows:

<u>Year Ending June 30,</u>	
2021	\$ 300,000
2022	300,000
2023	300,000
2024	500,000
2025	500,000
Thereafter	<u>13,000,000</u>
	<u>\$ 14,900,000</u>

## Martha's Table, Inc. and Affiliates

### Notes to Consolidated Financial Statements June 30, 2020

#### Note 13 - Fair value measurement

Martha's Table has determined the fair value of certain assets through the application of FASB ASC Topic 820, *Fair Value Measurement*. Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

Fair value	Fair value measurements at reporting date using:		
	Quoted prices in active markets for identical (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<u>Investments</u>			
Money market funds	\$ 3,782,809	\$ 3,782,809	\$ -
Fixed income - intermediate term bond funds	6,895,929	6,895,929	-
Fixed income - short term bond funds	3,835,624	3,835,624	-
Equity funds	1,707,208	1,707,208	-
	<u>\$ 16,221,570</u>	<u>\$ 16,221,570</u>	<u>\$ -</u>

FASB ASC Topic 820 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 provide the highest quality inputs; Level 2 inputs are based primarily on quoted prices for identical assets in inactive markets or similar assets in active or inactive markets or other significant market observable inputs; and Level 3 inputs provide the lowest quality inputs because there are no significant observable inputs.

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.

#### Note 14 - Risks and uncertainties

##### COVID-19

The spread of a novel strain of the coronavirus ("COVID-19") has caused significant business disruptions in the United States beginning in the first quarter of 2020. The economic impact of the business disruptions caused by COVID-19 is uncertain. The extent of any effects these disruptions may have on the operations and financial position of Martha's Table will depend on future developments, which cannot be determined at this time.

#### Note 15 - Subsequent events

Martha's Table has evaluated events and transactions for potential recognition or disclosure through November 30, 2020, the date the consolidated financial statements were available to be issued.

**Martha's Table, Inc. and Affiliates**

**Notes to Consolidated Financial Statements  
June 30, 2020**

**Paycheck Protection Program note**

On August 6, 2020, Martha's Table obtained a promissory note of \$1,331,500 from its bank under the Small Business Administration's ("SBA") Paycheck Protection Program ("PPP") that is part of the CARES Act stimulus relief. The note bears interest at 1% and requires monthly payments of principal and interest, unless otherwise forgiven in whole or part by the SBA under the CARES Act. Martha's Table has up to 10 months after the end of the covered period, which is currently 24 weeks to apply for forgiveness. If the note is not forgiven, payments will begin 10 months after the date the covered period ends, or the date the SBA remits the forgiveness amount. The terms of the promissory note are subject to change depending on final regulation or legislation enacted.

## **Supplementary Information**

## Independent Auditor's Report on Supplementary Information

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

We have audited the consolidated financial statements of Martha's Table, Inc. and Affiliates as of and for the eighteen months ended June 30, 2020, and have issued our report thereon dated November 30, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole.

The consolidating statement of financial position for non-POB Fund and POB Fund, consolidating schedule of activities and change in net assets for non-POB Fund and POB Fund and consolidating statement of cash flows for non-POB Fund and POB Fund, are presented for the purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*CohnReznick LLP*

Bethesda, Maryland  
November 30, 2020

**Martha's Table, Inc. and Affiliates**

**Consolidating Statement of Financial Position for Non-POB Fund and POB Fund  
June 30, 2020**

<u>Assets</u>				
	<u>Non-POB Fund</u>	<u>POB Fund</u>	<u>Eliminations</u>	<u>Total</u>
Cash and cash equivalents	\$ 25,597,302	\$ 382,366	\$ -	\$ 25,979,668
Pledges and contributions receivable, net	1,771,394	-	-	1,771,394
Grants and accounts receivable	1,582,480	450,000	(450,000)	1,582,480
Investments	16,221,570	-	-	16,221,570
Note receivable	18,974,200	-	-	18,974,200
Prepaid expenses	158,166	-	-	158,166
Property and equipment, net	2,593,797	24,932,370	-	27,526,167
	<u>\$ 66,898,909</u>	<u>\$ 25,764,736</u>	<u>\$ (450,000)</u>	<u>\$ 92,213,645</u>
<u>Liabilities and Net Assets (Deficit)</u>				
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 805,273	\$ 1,361,108	\$ (450,000)	\$ 1,716,381
Deferred revenue	200,886	-	-	200,886
Long-term debt	-	27,465,000	-	27,465,000
Deferred lease incentive	86,562	-	-	86,562
	<u>1,092,721</u>	<u>28,826,108</u>	<u>(450,000)</u>	<u>29,468,829</u>
<b>Net assets (deficit)</b>				
<b>Without donor restrictions</b>				
Board designated - reserve fund	16,835,500	-	-	16,835,500
Operating	46,776,319	(3,061,372)	-	43,714,947
	<u>63,611,819</u>	<u>(3,061,372)</u>	<u>-</u>	<u>60,550,447</u>
<b>With donor restrictions</b>				
	<u>2,194,369</u>	<u>-</u>	<u>-</u>	<u>2,194,369</u>
	<u>65,806,188</u>	<u>(3,061,372)</u>	<u>-</u>	<u>62,744,816</u>
	<u>\$ 66,898,909</u>	<u>\$ 25,764,736</u>	<u>\$ (450,000)</u>	<u>\$ 92,213,645</u>

See Independent Auditor's Report on Supplementary Information.



**Martha's Table, Inc. and Affiliates**

**Consolidating Schedule of Activities for Non-POB Fund and POB Fund  
Eighteen Months Ended June 30, 2020**

	<u>Non-POB Fund</u>	<u>POB Fund</u>	<u>Eliminations</u>	<u>Total</u>
Support and revenues				
Contributions and grants				
Individuals	\$ 11,590,965	\$ -	\$ -	\$ 11,590,965
Corporations	1,605,570	-	-	1,605,570
Foundations	3,718,333	-	-	3,718,333
Civic and religious groups	235,144	-	-	235,144
Combined federal campaign	999,752	-	-	999,752
Federal and state funds	1,088,480	5,935,425	-	7,023,905
	<u>19,238,244</u>	<u>5,935,425</u>	<u>-</u>	<u>25,173,669</u>
In-kind contributions				
Donated services	58,650	-	-	58,650
Donated food	1,441,684	-	-	1,441,684
Donated clothing and other items	1,331,781	-	-	1,331,781
	<u>2,832,115</u>	<u>-</u>	<u>-</u>	<u>2,832,115</u>
Other revenues				
Childcare co-pay	51,106	73,080	-	124,186
Investment income	1,470,427	-	-	1,470,427
Martha's Outfitters	16,608	-	-	16,608
Miscellaneous income	5,065	10,775,286	(10,775,046)	5,305
Loss on disposal	(69,725)	-	-	(69,725)
Special events, net	608,247	-	-	608,247
Net assets released from restrictions - Satisfaction of restrictions	-	-	-	-
	<u>2,081,728</u>	<u>10,848,366</u>	<u>(10,775,046)</u>	<u>2,155,048</u>
Total support and revenues	<u>24,152,087</u>	<u>16,783,791</u>	<u>(10,775,046)</u>	<u>30,160,832</u>

**Martha's Table, Inc. and Affiliates**

**Consolidating Schedule of Activities for Non-POB Fund and POB Fund  
Eighteen Months Ended June 30, 2020**

	<u>Non-POB Fund</u>	<u>POB Fund</u>	<u>Eliminations</u>	<u>Total</u>
Personnel expenses				
Salaries (Including donated services)	2,819,177	7,078,422	-	9,897,599
Payroll taxes and benefits	645,157	1,496,979	-	2,142,136
	<u>3,464,334</u>	<u>8,575,401</u>	<u>-</u>	<u>12,039,735</u>
Operating expenses				
Children's food	48,182	92,381	-	140,563
Depreciation and amortization	226,298	1,594,135	-	1,820,433
Extermination	2,739	7,771	-	10,510
Family assistance	27,000	1,341,117	-	1,368,117
Food - Other	469,650	1,509,729	-	1,979,379
Gasoline	8,309	2,464	-	10,773
Insurance	31,888	135,855	-	167,743
Interest	-	477,766	-	477,766
Meetings	6,637	46,898	-	53,535
Miscellaneous	183,130	368,052	-	551,182
Printing and postage	262,489	65,791	-	328,280
Consultants and professional fees	338,707	1,742,913	-	2,081,620
Repairs and maintenance	169,422	469,094	-	638,516
Rent	350,562	450,000	(450,000)	350,562
Research	1,006	28,602	-	29,608
Supplies	174,115	476,646	-	650,761
Tax, tags and licenses	1,863	12,581	-	14,444
Trash removal	39,401	31,555	-	70,956
Travel	14,174	32,119	-	46,293
Utilities	93,336	295,651	-	388,987
Contribution expense	10,325,046	-	(10,325,046)	-
	<u>12,773,954</u>	<u>9,181,120</u>	<u>(10,775,046)</u>	<u>11,180,028</u>
Donation expenses				
Donated food	1,441,684	-	-	1,441,684
Donated clothing and other items	1,331,781	-	-	1,331,781
	<u>2,773,465</u>	<u>-</u>	<u>-</u>	<u>2,773,465</u>
Total expenses	<u>19,011,753</u>	<u>17,756,521</u>	<u>(10,775,046)</u>	<u>25,993,228</u>
Change in net assets	5,140,334	(972,730)	-	4,167,604
Net assets (deficit), beginning of period	<u>60,665,854</u>	<u>(2,088,642)</u>	<u>-</u>	<u>58,577,212</u>
Net assets (deficit), end of period	<u>\$ 65,806,188</u>	<u>\$ (3,061,372)</u>	<u>\$ -</u>	<u>\$ 62,744,816</u>

See Independent Auditor's Report on Supplementary Information.

**Martha's Table, Inc. and Affiliates**

**Consolidated Statement of Cash Flows for Non-POB Fund and POB Fund  
Eighteen Months Ended June 30, 2020**

	Non-POB Fund	POB Fund	Eliminations	Total
Cash flows from operating activities				
Change in net assets	\$ 5,140,334	\$ (972,730)	\$ -	\$ 4,167,604
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities				
Depreciation and amortization	226,298	1,594,135	-	1,820,433
Realized and unrealized gain on investments	(505,185)	-	-	(505,185)
Receipts from contributions for long-term purposes	(200,000)	-	-	(200,000)
Forgiveness of program loan	(1,000,000)	-	-	(1,000,000)
Loss on disposal	69,725	-	-	69,725
Change in				
Pledges and contributions receivable	3,892,384	-	-	3,892,384
Grants and accounts receivable	(650,108)	(300,000)	-	(950,108)
Prepaid expenses	6,275	-	-	6,275
Accounts payable and accrued expenses	2,785,376	(2,491,114)	-	294,262
Deferred revenue	145,886	-	-	145,886
Deferred lease incentive	66,621	-	-	66,621
Net cash provided by (used in) operating activities	<u>9,977,606</u>	<u>(2,169,709)</u>	<u>-</u>	<u>7,807,897</u>
Cash flows provided by (used in) investing activities				
Purchases of property and equipment	(2,240,940)	(327,270)	-	(2,568,210)
Proceeds from repayment of note receivable	26,000,000	-	-	26,000,000
Proceeds from sales of investments	317,059	-	-	317,059
Purchases of investments	(16,033,444)	-	-	(16,033,444)
Net cash provided by (used in) investing activities	<u>8,042,675</u>	<u>(327,270)</u>	<u>-</u>	<u>7,715,405</u>
Cash flows from financing activities				
Receipts from contributions for long-term purposes	200,000	-	-	200,000
Net cash provided by financing activities	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>18,199,020</u>
Increase (decrease) in cash and cash equivalents	18,220,281	(2,496,979)	-	15,723,302
Cash and cash equivalents, beginning of period	<u>7,377,021</u>	<u>2,879,345</u>	<u>-</u>	<u>10,256,366</u>
Cash and cash equivalents, end of period	<u>\$ 25,597,302</u>	<u>\$ 382,366</u>	<u>\$ -</u>	<u>\$ 25,979,668</u>
Supplemental cash flow information				
Cash paid for interest	\$ -	\$ 477,766	\$ -	\$ 477,766
Noncash financing activity				
Forgiveness of program loan	<u>\$ 1,000,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000,000</u>

See Independent Auditor's Report on Supplementary Information.



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