

CONSOLIDATED FINANCIAL STATEMENTS

MARTHA'S TABLE, INC. AND AFFILIATE

**FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

MARTHA'S TABLE, INC. AND AFFILIATE

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Martha's Table, Inc. and Affiliate
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of the Martha's Table, Inc. and Affiliate, Inc. (collectively, Martha's Table), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Martha's Table as of June 30, 2023 and 2022, and the consolidated 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Martha's Table and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Martha's Table's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Martha's Table's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Martha's Table's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position for Non-POB Fund and POB Fund and Consolidating Schedule of Activities and Change in Net Assets for Non-POB and POB Fund on pages 27 - 29 are presented for 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of Martha's Table's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Martha's Table's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Martha's Table's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

December 11, 2023

MARTHA'S TABLE, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
ASSETS		
Cash and cash equivalents	\$ 14,802,246	\$ 24,368,891
Pledges and contributions receivable, net	2,961,136	3,974,017
Grants receivable	8,488,286	1,732,579
Investments	22,593,912	17,459,567
Prepaid expenses	194,495	151,352
Note receivable	18,974,200	18,974,200
Property and equipment, net	25,103,538	26,060,531
Other current assets	20,094	-
Interest receivable	47,436	47,436
Right-of-use assets, net	<u>1,347,437</u>	<u>-</u>
TOTAL ASSETS	\$ <u>94,532,780</u>	\$ <u>92,768,573</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 746,868	\$ 1,694,742
Lease liabilities	1,363,142	-
Deferred revenue	153,986	577,817
Note payable	<u>27,465,000</u>	<u>27,465,000</u>
Total liabilities	<u>29,728,996</u>	<u>29,737,559</u>
NET ASSETS		
Without donor restrictions:		
Board designated - reserve fund	25,214,746	25,214,746
Operating	<u>29,975,502</u>	<u>33,361,886</u>
Total without donor restrictions	55,190,248	58,576,632
With donor restrictions	<u>9,613,536</u>	<u>4,454,382</u>
Total net assets	<u>64,803,784</u>	<u>63,031,014</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>94,532,780</u>	\$ <u>92,768,573</u>

MARTHA'S TABLE, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions and gifts:			
Individuals	\$ 4,947,280	\$ 6,020,488	\$ 10,967,768
Corporations	632,860	1,712,500	2,345,360
Foundations	650,688	1,604,241	2,254,929
Civic and religious groups	128,837	17,500	146,337
Combined Federal campaign	433,840	-	433,840
Federal and state funds	<u>6,894,688</u>	<u>-</u>	<u>6,894,688</u>
Total contributions and gifts	<u>13,688,193</u>	<u>9,354,729</u>	<u>23,042,922</u>
In-kind contributions:			
Donated food	877,518	-	877,518
Donated clothing and other items	<u>1,342,513</u>	<u>-</u>	<u>1,342,513</u>
Total in-kind contributions	<u>2,220,031</u>	<u>-</u>	<u>2,220,031</u>
Other revenues:			
Childcare co-pay	963,018	-	963,018
Investment income, net	813,452	-	813,452
Martha's Outfitters	89,928	-	89,928
Miscellaneous income	15,212	-	15,212
Events, net	76,280	115,000	191,280
Net assets released from donor restrictions	<u>4,310,575</u>	<u>(4,310,575)</u>	<u>-</u>
Total other revenues	<u>6,268,465</u>	<u>(4,195,575)</u>	<u>2,072,890</u>
Total support and revenues	<u>22,176,689</u>	<u>5,159,154</u>	<u>27,335,843</u>
EXPENSES			
Program Services:			
Health and Wellness Initiatives	6,896,796	-	6,896,796
Parent and Family Initiatives	3,515,957	-	3,515,957
Education Initiatives	6,290,128	-	6,290,128
Neighborhood Impact Initiatives	<u>3,355,322</u>	<u>-</u>	<u>3,355,322</u>
Total program services	<u>20,058,203</u>	<u>-</u>	<u>20,058,203</u>
Supporting Services:			
General Administration	3,723,478	-	3,723,478
Fundraising and Communications	<u>1,781,392</u>	<u>-</u>	<u>1,781,392</u>
Total supporting services	<u>5,504,870</u>	<u>-</u>	<u>5,504,870</u>
Total expenses	<u>25,563,073</u>	<u>-</u>	<u>25,563,073</u>
Changes in net assets	(3,386,384)	5,159,154	1,772,770
Net assets at beginning of year	<u>58,576,632</u>	<u>4,454,382</u>	<u>63,031,014</u>
NET ASSETS AT END OF YEAR	<u>\$ 55,190,248</u>	<u>\$ 9,613,536</u>	<u>\$ 64,803,784</u>

MARTHA'S TABLE, INC. AND AFFILIATE

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES			
Contributions and gifts:			
Individuals	\$ 6,017,613	\$ 419,550	\$ 6,437,163
Corporations	461,250	5,517,176	5,978,426
Foundations	763,152	1,867,863	2,631,015
Civic and religious groups	106,875	40,053	146,928
Combined Federal campaign	528,239	300	528,539
Federal and state funds	<u>5,453,175</u>	<u>22,012</u>	<u>5,475,187</u>
Total contributions and gifts	<u>13,330,304</u>	<u>7,866,954</u>	<u>21,197,258</u>
In-kind contributions:			
Donated food	771,442	-	771,442
Donated clothing and other items	<u>1,200,294</u>	<u>-</u>	<u>1,200,294</u>
Total in-kind contributions	<u>1,971,736</u>	<u>-</u>	<u>1,971,736</u>
Other revenues:			
Childcare co-pay	126,618	-	126,618
Investment loss, net	(1,092,251)	-	(1,092,251)
Martha's Outfitters	6,480	-	6,480
Miscellaneous income	10,844	-	10,844
Events, net	139,883	194,283	334,166
Net assets released from donor restrictions	<u>4,791,822</u>	<u>(4,791,822)</u>	<u>-</u>
Total other revenues	<u>3,983,396</u>	<u>(4,597,539)</u>	<u>(614,143)</u>
Total support and revenues	<u>19,285,436</u>	<u>3,269,415</u>	<u>22,554,851</u>
EXPENSES			
Program Services:			
Health and Wellness Initiatives	8,095,111	-	8,095,111
Parent and Family Initiatives	2,590,154	-	2,590,154
Education Initiatives	6,026,324	-	6,026,324
Neighborhood Impact Initiatives	<u>1,523,516</u>	<u>-</u>	<u>1,523,516</u>
Total program services	<u>18,235,105</u>	<u>-</u>	<u>18,235,105</u>
Supporting Services:			
General Administration	3,741,767	-	3,741,767
Fundraising and Communications	<u>1,608,631</u>	<u>-</u>	<u>1,608,631</u>
Total supporting services	<u>5,350,398</u>	<u>-</u>	<u>5,350,398</u>
Total expenses	<u>23,585,503</u>	<u>-</u>	<u>23,585,503</u>
Changes in net assets	(4,300,067)	3,269,415	(1,030,652)
Net assets at beginning of year	<u>62,876,699</u>	<u>1,184,967</u>	<u>64,061,666</u>
NET ASSETS AT END OF YEAR	<u>\$ 58,576,632</u>	<u>\$ 4,454,382</u>	<u>\$ 63,031,014</u>

MARTHA'S TABLE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services				
	Health and Wellness Initiatives	Parent and Family Initiatives	Education Initiatives	Neighborhood Impact Initiatives	Total Program Services
Personnel Expenses:					
Salaries	\$ 1,533,357	\$ 840,373	\$ 3,367,712	\$ 931,159	\$ 6,672,601
Payroll taxes and benefits	522,018	202,802	1,077,822	244,474	2,047,116
	<u>2,055,375</u>	<u>1,043,175</u>	<u>4,445,534</u>	<u>1,175,633</u>	<u>8,719,717</u>
Operating Expenses:					
Children's food	207,156	-	-	-	207,156
Depreciation and amortization	137,891	34,473	344,728	86,182	603,274
Extermination	-	-	-	-	-
Food - Other	2,519,666	32,719	23,979	15,202	2,591,566
Fundraising	-	24,571	860	166,390	191,821
Gasoline	6,789	-	-	757	7,546
Grants	240,416	1,537,615	142,236	271,160	2,191,427
Insurance	15,078	2,259	36,975	6,093	60,405
Interest	57,551	14,388	143,878	35,969	251,786
Meetings	2,024	1,078	4,710	14,534	22,346
Miscellaneous	39,217	154,517	237,363	33,681	464,778
Printing and postage	53,462	6,620	30,581	12,061	102,724
Consultants and professional fees	241,997	419,998	410,751	105,103	1,177,849
Repairs and maintenance	27,500	-	458	7,996	35,954
Lease expense	49,839	5,676	118,346	52,842	226,703
Research	49,272	-	10,588	-	59,860
Supplies	314,523	233,860	207,358	133,360	889,101
Tax, tags, and licenses	1,046	89	622	106	1,863
Trash removal	-	-	-	10,557	10,557
Travel	1,168	2,807	127,098	3,770	134,843
Utilities	3,933	2,112	4,063	27,064	37,172
	<u>3,968,528</u>	<u>2,472,782</u>	<u>1,844,594</u>	<u>982,827</u>	<u>9,268,731</u>
Donation Expenses:					
Donated food	872,893	-	-	4,625	877,518
Donated clothing and other items	-	-	-	1,192,237	1,192,237
	<u>872,893</u>	<u>-</u>	<u>-</u>	<u>1,196,862</u>	<u>2,069,755</u>
TOTAL	<u>\$ 6,896,796</u>	<u>\$ 3,515,957</u>	<u>\$ 6,290,128</u>	<u>\$ 3,355,322</u>	<u>\$ 20,058,203</u>

MARTHA'S TABLE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Supporting Services</u>			<u>Total Expenses</u>
	<u>General Administration</u>	<u>Fundraising and Communications</u>	<u>Total Supporting Services</u>	
Personnel Expenses:				
Salaries	\$ 985,729	\$ 1,009,215	\$ 1,994,944	\$ 8,667,545
Payroll taxes and benefits	534,205	218,332	752,537	2,799,653
	<u>1,519,934</u>	<u>1,227,547</u>	<u>2,747,481</u>	<u>11,467,198</u>
Operating Expenses:				
Children's food	-	-	-	207,156
Depreciation and amortization	258,544	-	258,544	861,818
Extermination	8,958	-	8,958	8,958
Food - Other	17,546	17,955	35,501	2,627,067
Fundraising	10,632	65,160	75,792	267,613
Gasoline	-	-	-	7,546
Grants	-	-	-	2,191,427
Insurance	131,548	2,181	133,729	194,134
Interest	107,908	-	107,908	359,694
Meetings	2,115	3,809	5,924	28,270
Miscellaneous	215,582	100,760	316,342	781,120
Printing and postage	14,085	130,119	144,204	246,928
Consultants and professional fees	794,391	201,675	996,066	2,173,915
Repairs and maintenance	187,784	-	187,784	223,738
Lease expense	42,571	-	42,571	269,274
Research	10,588	1,783	12,371	72,231
Supplies	23,359	27,373	50,732	939,833
Tax, tags, and licenses	29,618	888	30,506	32,369
Trash removal	64,403	-	64,403	74,960
Travel	2,794	822	3,616	138,459
Utilities	281,118	1,320	282,438	319,610
	<u>2,203,544</u>	<u>553,845</u>	<u>2,757,389</u>	<u>12,026,120</u>
Donation Expenses:				
Donated food	-	-	-	877,518
Donated clothing and other items	-	-	-	1,192,237
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,069,755</u>
TOTAL	<u>\$ 3,723,478</u>	<u>\$ 1,781,392</u>	<u>\$ 5,504,870</u>	<u>\$ 25,563,073</u>

MARTHA'S TABLE, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services				Total Program Services
	Health and Wellness Initiatives	Parent and Family Initiatives	Education Initiatives	Neighborhood Impact Initiatives	
Personnel Expenses:					
Salaries	\$ 1,706,565	\$ 730,391	\$ 2,655,267	\$ 560,237	\$ 5,652,460
Payroll taxes and benefits	328,012	201,818	695,886	126,050	1,351,766
	<u>2,034,577</u>	<u>932,209</u>	<u>3,351,153</u>	<u>686,287</u>	<u>7,004,226</u>
Operating Expenses:					
Children's food	87,803	-	26,599	-	114,402
Depreciation and amortization	118,100	25,000	305,500	67,900	516,500
Extermination	-	-	-	-	-
Food - Other	2,653,441	21,186	2,530	46,818	2,723,975
Gasoline	5,872	626	-	-	6,498
Grants	1,438,041	-	-	115,538	1,553,579
Insurance	27,765	5,207	70,078	14,077	117,127
Interest	-	-	-	-	-
Meetings	4,887	3,772	939	5,806	15,404
Miscellaneous	29,806	84,606	36,504	(20,992)	129,924
Printing and postage	27,151	6,339	31,228	4,167	68,885
Consultants and professional fees	566,288	333,406	1,843,518	501,570	3,244,782
Repairs and maintenance	44,283	12,788	44,902	11,095	113,068
Lease expense	60,858	79,892	124,809	532	266,091
Research	990	-	-	-	990
Supplies	184,567	185,850	99,882	60,910	531,209
Tax, tags, and licenses	328	33	(75)	-	286
Trash removal	-	9,951	-	-	9,951
Travel	1,957	1,174	291	7,994	11,416
Utilities	36,955	22,019	88,466	21,814	169,254
	<u>5,289,092</u>	<u>791,849</u>	<u>2,675,171</u>	<u>837,229</u>	<u>9,593,341</u>
Donation Expenses:					
Donated food	771,442	-	-	-	771,442
Donated clothing and other items	-	866,096	-	-	866,096
	<u>771,442</u>	<u>866,096</u>	<u>-</u>	<u>-</u>	<u>1,637,538</u>
TOTAL	<u>\$ 8,095,111</u>	<u>\$ 2,590,154</u>	<u>\$ 6,026,324</u>	<u>\$ 1,523,516</u>	<u>\$ 18,235,105</u>

MARTHA'S TABLE, INC. AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Supporting Services			Total Expenses
	General Administration	Fundraising and Communications	Total Supporting Services	
Personnel Expenses:				
Salaries	\$ 1,077,663	\$ 896,607	\$ 1,974,270	\$ 7,626,730
Payroll taxes and benefits	619,176	227,232	846,408	2,198,174
	<u>1,696,839</u>	<u>1,123,839</u>	<u>2,820,678</u>	<u>9,824,904</u>
Operating Expenses:				
Children's food	-	-	-	114,402
Depreciation and amortization	338,241	-	338,241	854,741
Extermination	8,914	-	8,914	8,914
Food - Other	3,972	-	3,972	2,727,947
Gasoline	-	-	-	6,498
Grants	-	-	-	1,553,579
Insurance	32,336	4,851	37,187	154,314
Interest	319,055	-	319,055	319,055
Meetings	17,263	836	18,099	33,503
Miscellaneous	452,248	259,002	711,250	841,174
Printing and postage	28,214	128,888	157,102	225,987
Consultants and professional fees	365,102	86,735	451,837	3,696,619
Repairs and maintenance	271,209	-	271,209	384,277
Lease expense	-	-	-	266,091
Research	8,838	-	8,838	9,828
Supplies	120,428	4,173	124,601	655,810
Tax, tags, and licenses	2,118	-	2,118	2,404
Trash removal	43,407	-	43,407	53,358
Travel	2,657	57	2,714	14,130
Utilities	30,926	250	31,176	200,430
	<u>2,044,928</u>	<u>484,792</u>	<u>2,529,720</u>	<u>12,123,061</u>
Donation Expenses:				
Donated food	-	-	-	771,442
Donated clothing and other items	-	-	-	866,096
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,637,538</u>
TOTAL	<u>\$ 3,741,767</u>	<u>\$ 1,608,631</u>	<u>\$ 5,350,398</u>	<u>\$ 23,585,503</u>

MARTHA'S TABLE, INC. AND AFFILIATE

**CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,772,770	\$ (1,030,652)
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	861,818	854,741
Realized and unrealized (gain) loss on investments	(144,635)	1,644,332
Adjustment to leasehold improvements	95,175	-
Discount on long-term pledges and contributions	(32,311)	-
Amortization of right-of-use assets	227,676	-
Decrease (increase) in:		
Pledges and contributions receivable, net	1,045,192	(3,188,652)
Grants receivable	(6,755,707)	(847,861)
Prepaid expenses	(43,143)	(19,837)
Other current assets	(20,094)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(947,874)	(231,042)
Payments on lease liabilities	(211,971)	-
Deferred revenue	(423,831)	375,000
Net cash used by operating activities	<u>(4,576,935)</u>	<u>(2,443,971)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(325,584)
Net purchases of investments	<u>(4,989,710)</u>	<u>(14,171)</u>
Net cash used by investing activities	<u>(4,989,710)</u>	<u>(339,755)</u>
Net decrease in cash and cash equivalents	(9,566,645)	(2,783,726)
Cash and cash equivalents at beginning of year	<u>24,368,891</u>	<u>27,152,617</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 14,802,246	\$ 24,368,891
SUPPLEMENTAL INFORMATION:		
Interest Paid	\$ 359,694	\$ 319,055
Right-of-Use Assets	\$ 1,575,113	\$ -
Lease Liabilities	\$ 1,575,113	\$ -

MARTHA'S TABLE, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Martha's Table, Inc. and Affiliate (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, D.C.

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. In Fiscal Year 2022, Martha's Table engaged with the Community to offer resources to address and reduce stigmas around mental health. Services include one-on-one, group sessions and larger events including Healthy Happy Hours. Martha's Table also provides healthy groceries at no cost through regular markets at more than 50 sites in Washington, D.C., 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. Other initiatives include the cash assistance programs in partnership with several organizations and the District of Columbia government. A new initiative this year includes District Dads that supports community fathers and father figures through parental support workshops. 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.

MARTHA'S TABLE, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Organization (continued) -

Program Services (continued)

Education Initiatives (continued)

Its curriculum promotes whole child development - focusing on physical, cognitive, and socio-emotional development - to ensure children are on track and ready to learn in pre-kindergarten and beyond. 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.

Martha's Table started Global Passport, a program offering no-cost regional and international experiential learning opportunities for high-school age youth (ages 14 to 19).

Neighborhood Impact Initiatives

Throughout all its work, Martha's Table is guided by its belief that neighborhood matters. Martha's Table has invested in a place-based strategy, which will direct resources to overcome complex and systemic social, physical, and economic factors that have historically limited its community's success. 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. Martha's Table initiated the Community Impact Fund, a philanthropic initiative for grassroots organizations in Ward 8.

Principles of consolidation -

The accounts of Martha's Table have been consolidated with Martha's Table Hillsdale, LLC and Martha's Table SO, Inc. (collectively, Martha's Table) in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) which require that financially interrelated organizations be consolidated. All intercompany transactions and balances have been eliminated.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Assets restricted solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

MARTHA'S TABLE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions", depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Consolidated Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Martha's Table adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. **Martha's Table** applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 11 for further details.

Cash and cash equivalents -

Martha's Table considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Martha's Table maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends, realized and unrealized gains and losses are included in investment income (loss), which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statements of Activities and Changes in Net Assets. Investments acquired by gift are recorded at their fair value at the date of the gift. Martha's Table's policy is to liquidate all gifts of investments as soon as possible after the gift.

Pledges, contributions, grants and accounts receivable -

Pledges, contributions, grants and accounts receivable are recorded at their net realizable value, which approximates fair value. Management considers all amounts to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Property and equipment -

Property and equipment in excess of \$5,000 are capitalized and stated at cost.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Property and equipment (continued) -

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets.

Building 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.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statements of Activities and Changes in Net Assets, to its current fair value.

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 Statements of Activities and Changes in Net Assets and accounts payable and accrued expenses in the Consolidated Statements 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 year ended June 30, 2023 and June 30, 2022. Tax years prior to 2022 are subject to examination by the IRS or the tax jurisdiction of the District of Columbia.

Uncertain tax positions -

For the years ended June 30, 2023 and 2022, Martha's Table has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the consolidated financial statements.

Support and revenues -

Contributions and gifts -

Martha's Table receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support and revenues (continued) -

Contributions and gifts (continued) -

Contributions and grants are recognized in the appropriate category of net assets in the period received. Martha's Table performs an analysis of the individual contribution or grant to determine if the revenue streams follow the contribution rules or if they should be recorded as an exchange transaction depending upon whether the transaction is deemed reciprocal or nonreciprocal under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

For contributions and gifts qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and gifts qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Contributions and gifts qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied. Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue unless they are from the United States Government which is then recorded as a refundable advance. For contributions and gifts treated as conditional contributions, Martha's Table had \$20,939 and \$269,274 in unrecognized conditional awards as of June 30, 2023 and 2022, respectively.

Contracts and program revenue -

Contracts and program revenue classified as exchange transactions following ASU 2014-09, *Revenue from Contracts With Customers*, are recorded as revenue when performance obligations are met. The Martha's Table has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on cost. Funding received in advance of satisfying performance obligations are recorded as deferred revenue.

Sales revenues are recognized as revenue when the sales are made.

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.

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.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Support and revenues (continued) -

In-kind contributions (continued) -

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.

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

For the years ended June 30, 2023 and 2022, Martha's Table's Health and Wellness and Parent and Family Initiatives programs benefited from volunteer hours totaling 34,584 and 31,493 (both 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 \$1,346,897 and \$1,389,786 (both unaudited) for the years ended June 30, 2023 and 2022.

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses directly attributed to a specific functional area of Martha's Table are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Risks and uncertainties -

Martha's Table invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

Fair value measurement -

Martha's Table adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements.

MARTHA'S TABLE, INC. AND AFFILIATE

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Fair value measurement (continued) -

Martha's Table accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The ASU is effective for Martha's Table for the year ending June 30, 2024. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

Martha's Table plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying consolidated financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, Martha's Table has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market Martha's Table has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used and there were no transfers between levels in the fair value hierarchy during the years ended June 30, 2023 and 2022. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and is deemed to be actively traded.
- *Common Stocks* - Valued at the closing price reported on the active market in which the individual securities are traded.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

2. INVESTMENTS (Continued)

- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by Martha's Table are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by Martha's Table are deemed to be actively traded.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2023.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money Market funds	\$ 9,002,979	\$ -	\$ -	\$ 9,002,979
Mutual Fund - Fixed Income - Intermediate	6,726,003	-	-	6,726,003
Mutual Fund - Fixed Income - Short-term Bond	3,892,882	-	-	3,892,882
Equities	<u>2,972,048</u>	<u>-</u>	<u>-</u>	<u>2,972,048</u>
TOTAL	<u>\$ 22,593,912</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,593,912</u>

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2022 were as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money Market Funds	\$ 4,013,199	\$ -	\$ -	\$ 4,013,199
Mutual Fund - Fixed Income - Intermediate	6,957,478	-	-	6,957,478
Mutual Fund - Fixed Income - Short-term Bond	3,959,797	-	-	3,959,797
Equities	<u>2,529,093</u>	<u>-</u>	<u>-</u>	<u>2,529,093</u>
TOTAL	<u>\$ 17,459,567</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,459,567</u>

Included in investment income (loss), net are the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends, net of fees	\$ 668,817	\$ 552,081
Unrealized gain (loss)	144,635	(1,809,120)
Realized gain	<u>-</u>	<u>164,788</u>
TOTAL INVESTMENT INCOME (LOSS), NET	<u>\$ 813,452</u>	<u>\$ (1,092,251)</u>

3. PLEDGES AND CONTRIBUTIONS RECEIVABLE

As of June 30, 2023 and 2022, contributors to Martha's Table have made unconditional written promises to give that remained due and outstanding. Amounts due beyond one year of the Consolidated Statements of Financial Position date have been recorded at the present value of the estimated cash flows, using a discount rate of 3% - 3.25%.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

3. PLEDGES AND CONTRIBUTIONS RECEIVABLE (Continued)

Following is a schedule of amounts due, by year, as of June 30, 2023 and 2022:

	2023	2022
Less than one year	\$ 2,723,447	\$ 3,590,282
One to five years	270,000	400,000
Total	2,993,447	3,990,282
Less: Allowance to discount balance to present value	(32,311)	(16,265)
NET RECEIVABLES	\$ 2,961,136	\$ 3,974,017

4. 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, 2023 and 2022 totaled \$18,974,200. The note receivable is considered to be fully collectible by management as of June 30, 2023 and 2022.

During the years ended June 30, 2023 and 2022, interest income of \$142,307, respectively, was recognized and \$47,436 remains receivable as of June 30, 2023 and 2022 and was recorded in interest receivable on the Consolidated Statements of Financial Position.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Buildings	\$ 25,992,896	\$ 26,088,070
Construction in progress	1,917,494	1,917,494
Equipment	1,598,561	1,598,561
Vehicles	554,402	554,401
Leasehold improvements	531,868	531,868
Total Property and equipment	30,595,221	30,690,394
Less: Accumulated depreciation and amortization	(5,491,683)	(4,629,863)
NET PROPERTY AND EQUIPMENT	\$ 25,103,538	\$ 26,060,531

6. NOTE 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.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

6. NOTE PAYABLE - COMMUNITY DEVELOPMENT ENTITIES (Continued)

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, 2023 and 2022 totaled \$27,465,000.

Interest and fees related to long-term debt totaled \$359,694 and \$319,055 for the years ended June 30, 2023 and 2022, respectively.

As of June 30, 2023, the total outstanding balance of the notes payable are as follows:

<u>Year Ending June 30,</u>	
2025	\$ 630,700
2026	840,932
2027	861,152
2028	875,610
2029 and Thereafter	<u>24,256,606</u>
TOTAL	<u>\$ 27,465,000</u>

7. BOARD DESIGNATED NET ASSETS

As of June 30, 2023 and 2022, net assets without donor restrictions have been designated by the Board of Directors for the following purposes:

	<u>2023</u>	<u>2022</u>
Reserve Fund	<u>\$ 25,214,746</u>	<u>\$ 25,214,746</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditure for specified purpose:		
COVID Safety	\$ -	\$ 100,000
Health and Wellness Programs	988,840	18,250
Education Initiatives	527,500	-
Other Programs	649,798	714,798
Subject to passage of time	<u>7,447,398</u>	<u>3,621,334</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 9,613,536</u>	<u>\$ 4,454,382</u>

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

8. NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following net assets with donor restrictions were released from donor restrictions by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	2023	2022
Purpose restrictions accomplished:		
COVID Safety	\$ 100,000	\$ 77,678
Health and Wellness Programs	320,000	516,222
Education Initiatives	392,940	482,551
Other Programs	796,301	-
Passage of time	<u>2,701,334</u>	<u>3,715,371</u>
 TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	\$ 4,310,575	\$ 4,791,822

9. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statements of Financial Position date comprise the following:

	2023	2022
Cash and cash equivalents	\$ 14,802,246	\$ 24,368,891
Investments	22,593,912	17,459,567
Pledges and contributions receivable, net	2,961,136	3,974,017
Grants receivable	8,488,286	1,732,579
Interest receivable	47,436	47,436
Note receivable	<u>18,974,200</u>	<u>18,974,200</u>
 Subtotal financial assets available	67,867,216	66,556,690
Less: Reserve for New Market Tax Credits	(115,973)	(203,778)
Less: Donor restricted funds	(2,166,138)	(833,048)
Less: Board-designated funds	<u>(25,214,746)</u>	<u>(25,214,746)</u>
 FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 40,370,359	\$ 40,305,118

Martha's Table has a policy to structure its financial assets to be available and liquid as its obligations become due.

10. IN-KIND CONTRIBUTIONS

During the years ended June 30, 2023 and 2022, Martha's Table was the beneficiary of donated goods and services which allowed Martha's Table to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the year ended June 30, 2023.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

10. IN-KIND CONTRIBUTIONS (Continued)

To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended June 30, 2023 and 2022.

	2023	2022
Donated food	\$ 877,518	\$ 771,442
Donated clothing and other items	1,192,237	1,200,294
Donated legal	150,276	-
TOTAL	\$ 2,220,031	\$ 1,971,736

The following programs have benefited from these donated services:

	2023	2022
Health and Wellness	\$ 872,893	\$ 771,442
Parent and Family Initiatives	1,192,237	866,096
Education	-	46,788
Neighborhood Impact Initiatives	4,625	-
Administration	150,276	287,410
TOTAL	\$ 2,220,031	\$ 1,971,736

11. LEASE COMMITMENTS

On February 22, 2013, Martha's Table entered into a 39-month noncancellable retail space lease agreement for its second Martha's Outfitters location. The lease originally expired May 31, 2016, but two renewal options were exercised that extended the term to May 31, 2019 and May 31, 2021, and a third renewal option was exercised that extended the term to May 31, 2023. The third extended lease term 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 Statements of Financial Position.

On May 19, 2017, Martha's Table entered into an agreement to lease space on Columbia Road, N.W. Washington, D.C. to house its programs ("Maycroft"). The commencement date on the lease was March 2019, with a lease term of 120 months from the date of commencement. Base rent began at \$14,872 per month and increases by 2% each year.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statement of Financial Position and disclosure of key information about leasing arrangements. Martha's Table elected the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. Martha's Table also elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. Martha's Table adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, Martha's Table recorded a right-of-use asset in the amount of \$1,575,113.

MARTHA'S TABLE, INC. AND AFFILIATE

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

11. LEASE COMMITMENTS (Continued)

Martha's Table recorded an operating lease liability in the amount of \$1,575,113 by calculating the present value using the discount rate of 2.90% and 2.92%. As of June 30, 2023, the weighted-average remaining lease term and rate for the financing leases is five years and 2.92%, respectively.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2024	\$ 256,842
2025	262,603
2026	268,498
2027	268,693
2028	274,690
Thereafter	<u>142,187</u>
	1,473,513
Less: Imputed interest	<u>(110,371)</u>
LEASE LIABILITIES	<u>\$ 1,363,142</u>

Lease expense for the years ended June 30, 2023 and 2022 was \$269,274 and , respectively.

12. RETIREMENT 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%. Contributions to the Plan during the years ended June 30, 2023 and 2022 totaled \$314,859 and \$261,045, respectively.

13. CONTINGENCY

Martha's Table receives grants from various agencies of the United States Government. Such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2023. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

14. RELATED PARTY

On May 19, 2017, Martha's Table signed a lease agreement with Hillsdale to lease the building and improvements.

MARTHA'S TABLE, INC. AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

14. RELATED PARTY (Continued)

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.

15. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, Martha's Table has evaluated events and transactions for potential recognition or disclosure through December 11, 2023, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

MARTHA'S TABLE, INC. AND AFFILIATE
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
FOR NON-POB FUND AND POB FUND
AS OF JUNE 30, 2023

	Non-POB* Fund	MT POB*	Eliminations	Total
ASSETS				
Cash and cash equivalents	\$ 14,686,242	\$ 116,004	\$ -	\$ 14,802,246
Pledges and contributions receivable, net	2,961,136	-	-	2,961,136
Grants receivable	8,488,286	1,050,000	(1,050,000)	8,488,286
Investments	22,593,912	-	-	22,593,912
Prepaid expenses	194,495	-	-	194,495
Note receivable	18,974,200	-	-	18,974,200
Property and equipment, net	2,798,678	22,304,860	-	25,103,538
Other current assets	20,094	-	-	20,094
Interest receivable	47,436	-	-	47,436
Right-of-use assets, net	1,347,437	-	-	1,347,437
TOTAL ASSETS	\$ 72,111,916	\$ 23,470,864	\$ (1,050,000)	\$ 94,532,780
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ (212,076)	\$ 2,008,944	\$ (1,050,000)	\$ 746,868
Lease liabilities	1,363,142	-	-	1,363,142
Deferred revenue	153,986	-	-	153,986
Loan payable	-	27,465,000	-	27,465,000
Total liabilities	1,305,052	29,473,944	(1,050,000)	29,728,996
NET ASSETS				
Without donor restrictions:				
Board designated – reserve fund	25,214,746	-	-	25,214,746
Operating	35,978,582	(6,003,080)	-	29,975,502
Total net assets (deficit) without donor restrictions	61,193,328	(6,003,080)	-	55,190,248
With donor restrictions	9,613,536	-	-	9,613,536
Total net assets	70,806,864	(6,003,080)	-	64,803,784
TOTAL LIABILITIES AND NET ASSETS	\$ 72,111,916	\$ 23,470,864	\$ (1,050,000)	\$ 94,532,780

MARTHA'S TABLE, INC. AND AFFILIATE

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR NON-POB FUND AND POB FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Non-POB* Fund</u>	<u>POB* Fund</u>	<u>Eliminations</u>	<u>Total</u>
SUPPORT AND REVENUES				
Contributions and grants:				
Individuals	\$ 10,967,768	\$ -	\$ -	\$ 10,967,768
Corporations	2,345,360	-	-	2,345,360
Foundations	2,254,929	-	-	2,254,929
Civic and religious groups	146,337	-	-	146,337
Combined Federal campaign	433,840	-	-	433,840
Federal and state funds	6,797,996	96,692	-	6,894,688
	<u>22,946,230</u>	<u>96,692</u>	<u>-</u>	<u>23,042,922</u>
In-kind contributions:				
Donated food	872,893	4,625	-	877,518
Donated clothing and other items	1,342,513	-	-	1,342,513
	<u>2,215,406</u>	<u>4,625</u>	<u>-</u>	<u>2,220,031</u>
Other revenues:				
Childcare co-pay	539,427	423,591	-	963,018
Investment income, net	671,145	142,307	-	813,452
Martha's outfitters	3,120	86,808	-	89,928
Miscellaneous income	15,212	17,612,069	(17,612,069)	15,212
Events, net	207,113	(15,833)	-	191,280
Rental income	-	300,000	(300,000)	-
	<u>1,436,017</u>	<u>18,548,942</u>	<u>(17,912,069)</u>	<u>2,072,890</u>
Total support and revenues	<u>26,597,653</u>	<u>18,650,259</u>	<u>(17,912,069)</u>	<u>27,335,843</u>
EXPENSES				
Personnel Expenses:				
Salaries	1,223,679	7,443,866	-	8,667,545
Payroll taxes and benefits	611,165	2,188,488	-	2,799,653
	<u>1,834,844</u>	<u>9,632,354</u>	<u>-</u>	<u>11,467,198</u>
Operating Expenses:				
Children's food	87,519	119,637	-	207,156
Depreciation and amortization	301,635	560,183	-	861,818
Extermination	1,775	7,183	-	8,958
Food – Other	954,933	1,672,134	-	2,627,067
Fundraising	198	267,415	-	267,613
Gasoline	2,734	4,812	-	7,546
Grants	-	2,191,427	-	2,191,427
Insurance	38,067	156,067	-	194,134
Interest	-	359,694	-	359,694
Meetings	966	27,304	-	28,270
Miscellaneous	28,324	752,796	-	781,120

MARTHA'S TABLE, INC. AND AFFILIATE

**CONSOLIDATING SCHEDULE OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR NON-POB FUND AND POB FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Non-POB* Fund</u>	<u>POB* Fund</u>	<u>Eliminations</u>	<u>Total</u>
EXPENSES (Continued)				
Operating Expenses (continued):				
Printing and postage	\$ 13,092	\$ 233,836	\$ -	\$ 246,928
Consultants and professional fees	211,089	1,962,826	-	2,173,915
Repairs and maintenance	42,928	180,810	-	223,738
Lease expense	187,561	381,713	(300,000)	269,274
Research	13,596	58,635	-	72,231
Supplies	168,207	771,626	-	939,833
Tax, tags, and licenses	356	32,013	-	32,369
Trash removal	16,351	58,609	-	74,960
Travel	7,483	130,976	-	138,459
Utilities	20,661	298,949	-	319,610
Contributions expense	17,612,069	-	(17,612,069)	-
	<u>19,709,544</u>	<u>10,228,645</u>	<u>(17,912,069)</u>	<u>12,026,120</u>
Donated food	877,518	-	-	877,518
Donated clothing and other items	1,192,237	-	-	1,192,237
	<u>2,069,755</u>	<u>-</u>	<u>-</u>	<u>2,069,755</u>
Total expenses	<u>23,614,143</u>	<u>19,860,999</u>	<u>(17,912,069)</u>	<u>25,563,073</u>
Change in net assets	2,983,510	(1,210,740)	-	1,772,770
Beginning net assets	67,823,354	(4,792,340)	-	63,031,014
ENDING NET ASSETS	<u>\$ 70,806,864</u>	<u>\$ (6,003,080)</u>	<u>\$ -</u>	<u>\$ 64,803,784</u>