

THE JAMES BEARD FOUNDATION, INC.  
FINANCIAL STATEMENTS  
YEARS ENDED MARCH 31, 2015 AND 2014

**THE JAMES BEARD FOUNDATION, INC.  
FOR THE YEARS ENDED MARCH 31, 2015 AND 2014**

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**CITRIN COOPERMAN**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees  
The James Beard Foundation, Inc.

We have audited the accompanying financial statements of The James Beard Foundation, Inc., which comprise the statements of financial position as of March 31, 2015 and 2014, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The James Beard Foundation, Inc. as of March 31, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

  
CITRIN COOPERMAN & COMPANY LLP  
CERTIFIED PUBLIC ACCOUNTANTS

New York, New York  
August 11, 2015

**THE JAMES BEARD FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
MARCH 31, 2015 AND 2014**

	<b>2015</b>	<b>2014</b>
<b><u>ASSETS</u></b>		
Cash	\$ 2,427,182	\$ 588,370
Restricted cash and cash equivalents	184,462	184,139
Grants and other receivables	301,827	277,501
Note receivable	-	35,511
Prepaid expenses and other assets	701,573	566,776
Property and equipment, net	983,140	1,026,581
Deferred financing costs, net	10,450	14,250
<b>TOTAL ASSETS</b>	<b>\$ 4,608,634</b>	<b>\$ 2,693,128</b>
<b><u>LIABILITIES AND NET ASSETS (DEFICIENCY)</u></b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 543,967	\$ 442,221
Mortgage note payable	1,786,348	1,847,288
Deferred revenue	2,255,995	958,816
Total liabilities	4,586,310	3,248,325
Commitments and contingencies (Notes 7 and 10)		
Net assets (deficiency):		
Unrestricted	(1,492,501)	(1,621,117)
Temporarily restricted	1,514,825	1,065,920
Net assets (deficiency)	22,324	(555,197)
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIENCY)</b>	<b>\$ 4,608,634</b>	<b>\$ 2,693,128</b>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2015**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,885,020	\$ 615,045	\$ 2,500,065
Membership fees	609,088	-	609,088
In-house events	1,650,230	-	1,650,230
Gala event sponsorships and ticket sales	1,797,135	-	1,797,135
Out-of-house events and auctions	3,698,854	-	3,698,854
Newsletter advertising and directories income	84,267	-	84,267
Educational program fee	377,500	-	377,500
Miscellaneous	3,750	-	3,750
Dividend and interest income	3,100	-	3,100
Net assets released from restrictions - satisfaction of program and time restrictions	<u>166,140</u>	<u>(166,140)</u>	<u>-</u>
<b>Total support and revenue</b>	<u>10,275,084</u>	<u>448,905</u>	<u>10,723,989</u>
Expenses:			
Program services:			
Scholarship and education	1,089,997	-	1,089,997
Member services	239,525	-	239,525
In-house events	1,779,663	-	1,779,663
Awards	2,097,213	-	2,097,213
Out-of-house events	2,139,005	-	2,139,005
Publications and communications	<u>798,634</u>	<u>-</u>	<u>798,634</u>
<b>Total program services</b>	<u>8,144,037</u>	<u>-</u>	<u>8,144,037</u>
Supporting services:			
Management and general	1,322,830	-	1,322,830
Fundraising	<u>679,601</u>	<u>-</u>	<u>679,601</u>
<b>Total supporting services</b>	<u>2,002,431</u>	<u>-</u>	<u>2,002,431</u>
<b>Total expenses</b>	<u>10,146,468</u>	<u>-</u>	<u>10,146,468</u>
Change in net assets	128,616	448,905	577,521
Net assets (deficiency) - beginning	<u>(1,621,117)</u>	<u>1,065,920</u>	<u>(555,197)</u>
<b>NET ASSETS (DEFICIENCY) - ENDING</b>	<u>\$ (1,492,501)</u>	<u>\$ 1,514,825</u>	<u>\$ 22,324</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and revenue:			
Contributions	\$ 1,992,615	\$ 384,425	\$ 2,377,040
Membership fees	566,189	-	566,189
In-house events	1,723,873	-	1,723,873
Gala event sponsorships and ticket sales	1,562,135	-	1,562,135
Out-of-house events and auctions	2,660,564	-	2,660,564
Newsletter advertising and directories income	70,911	-	70,911
Educational program fee	186,200	-	186,200
Miscellaneous	7,000	-	7,000
Dividend and interest income	1,509	-	1,509
Net assets released from restrictions - satisfaction of program and time restrictions	<u>352,590</u>	<u>(352,590)</u>	<u>-</u>
Total support and revenue	<u>9,123,586</u>	<u>31,835</u>	<u>9,155,421</u>
Expenses:			
Program services:			
Scholarship and education	1,103,087	-	1,103,087
Member services	240,048	-	240,048
In-house events	1,686,629	-	1,686,629
Awards	1,896,686	-	1,896,686
Out-of-house events	1,693,970	-	1,693,970
Publications and communications	<u>578,911</u>	<u>-</u>	<u>578,911</u>
Total program services	<u>7,199,331</u>	<u>-</u>	<u>7,199,331</u>
Supporting services:			
Management and general	989,998	-	989,998
Fundraising	<u>905,339</u>	<u>-</u>	<u>905,339</u>
Total supporting services	<u>1,895,337</u>	<u>-</u>	<u>1,895,337</u>
Total expenses	<u>9,094,668</u>	<u>-</u>	<u>9,094,668</u>
Change in net assets	28,918	31,835	60,753
Net assets (deficiency) - beginning	<u>(1,650,035)</u>	<u>1,034,085</u>	<u>(615,950)</u>
<b>NET ASSETS (DEFICIENCY) - ENDING</b>	<u>\$ (1,621,117)</u>	<u>\$ 1,065,920</u>	<u>\$ (555,197)</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED MARCH 31, 2015**

	Program Services						Supporting Services				Total
	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-House Events	Publications and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 223,718	\$ 140,541	\$ 926,422	\$ 134,805	\$ 433,095	\$ 174,959	\$ 2,033,540	\$ 550,691	\$ 283,950	\$ 834,641	\$ 2,868,181
Payroll taxes and employee benefits	48,251	30,312	199,809	29,074	93,409	37,735	438,590	118,772	61,242	180,014	618,604
Scholarship grants	274,530	-	-	-	-	-	274,530	-	-	-	274,530
Grants to other organizations	-	-	-	-	2,000	-	2,000	-	-	-	2,000
Accounting and legal fees	-	-	2,905	245	7,586	-	10,736	120,592	6,840	127,432	138,168
Consultants and other professional fees	189,075	9,530	97,983	458,673	591,710	71,444	1,418,415	149,361	65,045	214,406	1,632,821
Office expense	4,097	3,369	2,422	4,505	9,288	3,044	26,725	16,759	985	17,744	44,469
Postage and shipping	3,090	1,302	5,090	23,068	8,863	27,359	68,772	4,051	9,729	13,780	82,552
Printing	13,562	66	673	3,255	2,401	78,756	98,713	7,056	4,331	11,387	110,100
Equipment rental and computer maintenance	4,612	3,369	73,693	9,267	25,515	10,206	126,662	15,632	24,017	39,649	166,311
Maintenance	1,499	923	1,584	1,201	10,228	2,602	18,037	32,980	-	32,980	51,017
Advertising and newsletter	-	-	3,523	23,330	72,818	49,230	148,901	160	4,718	4,878	153,779
Event and kitchen supplies	610	408	160,129	8,879	189,372	587	359,985	3,122	4,128	7,250	367,235
Design and layout	-	-	24,000	39,000	45,300	105,278	213,578	-	750	750	214,328
Event and meeting space rental	5,500	-	10,000	61,048	41,131	-	117,679	-	59,750	59,750	177,429
Event production	92,847	-	65,791	769,643	269,831	-	1,198,112	-	860	860	1,198,972
Invitations and programs	-	-	10,311	38,577	14,973	-	63,861	-	16,724	16,724	80,585
Award items and decorations	31,345	-	7,888	128,527	93,108	43,348	304,216	7,889	12,817	20,706	324,922
Rent	19,972	5,163	20,452	15,299	7,832	23,220	91,938	11,235	-	11,235	103,173
Telephone	3,188	2,970	5,642	5,287	8,399	5,478	30,964	11,952	-	11,952	42,916
Utilities	1,110	764	1,110	908	36,684	1,322	41,898	13,429	-	13,429	55,327
Insurance	-	-	-	505	500	-	1,005	62,082	-	62,082	63,087
Travel and entertainment	145,981	1,128	92,505	276,486	74,225	6,992	597,317	33,900	50,762	84,662	681,979
Real estate taxes	-	-	-	-	-	-	-	34,867	-	34,867	34,867
Photography	2,600	-	2,332	9,950	9,275	6,217	30,374	-	2,250	2,250	32,624
Library	-	-	-	-	-	423	423	-	-	-	423
Auction items	-	-	2,947	-	2,500	-	5,447	-	43,506	43,506	48,953
Web site and Internet fees	8,186	12,727	16,793	26,474	16,472	134,604	215,256	2,823	125	2,948	218,204
Interest	-	-	-	-	-	-	-	73,616	-	73,616	73,616
Bank and credit card and other processing fee	4,215	14,944	16,737	19,600	58,407	218	114,121	15,647	15,759	31,406	145,527
Amortization of deferred financing charges	-	-	-	-	-	-	-	3,800	-	3,800	3,800
Government registration fees	-	-	100	-	873	-	973	9,597	5,308	14,905	15,878
	1,077,988	227,516	1,750,841	2,087,606	2,125,795	783,022	8,052,768	1,300,013	673,596	1,973,609	10,026,377
Depreciation	12,009	12,009	28,822	9,607	13,210	15,612	91,269	22,817	6,005	28,822	120,091
<b>TOTAL</b>	<b>\$ 1,089,997</b>	<b>\$ 239,525</b>	<b>\$ 1,779,663</b>	<b>\$ 2,097,213</b>	<b>\$ 2,139,005</b>	<b>\$ 798,634</b>	<b>\$ 8,144,037</b>	<b>\$ 1,322,830</b>	<b>\$ 679,601</b>	<b>\$ 2,002,431</b>	<b>\$ 10,146,468</b>

See accompanying notes to financial statements.



**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2014**

	Program Services						Supporting Services				Total
	Scholarship and Education	Member Services	In-house Events	Awards	Out-of-House Events	Publications and Communications	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 269,484	\$ 133,482	\$ 896,599	\$ 113,334	\$ 214,076	\$ 176,298	\$ 1,803,273	\$ 219,113	\$ 496,152	\$ 715,265	\$ 2,518,538
Payroll taxes and employee benefits	55,896	27,687	185,971	23,508	44,403	36,842	374,307	45,448	102,911	148,359	522,666
Scholarship grants	325,255	-	-	-	-	-	325,255	-	-	-	325,255
Grants to other organizations	48,000	-	-	-	23,500	-	71,500	-	-	-	71,500
Accounting and legal fees	-	-	-	-	-	-	-	164,424	6,945	171,369	171,369
Consultants and other professional fees	143,102	16,075	82,775	421,194	467,604	4,000	1,134,750	186,703	40,908	227,611	1,362,361
Office expense	2,426	1,726	4,585	2,731	3,978	1,952	17,398	9,416	603	10,019	27,417
Postage and shipping	2,219	1,615	5,662	21,176	10,183	27,358	68,213	7,363	5,735	13,098	81,311
Printing	269	3,514	2,098	3,201	3,583	79,021	91,686	5,488	1,381	6,869	98,555
Equipment rental and computer maintenance	13,228	3,469	14,744	6,857	115,180	5,225	158,703	15,302	30,208	45,510	204,213
Maintenance	1,676	968	10,007	1,364	1,763	2,337	18,115	56,961	-	56,961	75,076
Advertising and newsletter	-	-	-	24,082	19,635	39,369	83,086	-	54,157	54,157	137,243
Event and kitchen supplies	504	408	333,647	18,387	29,597	3,912	386,455	4,213	6,106	10,319	396,774
Design and layout	-	-	-	36,845	69,000	97,675	203,520	-	750	750	204,270
Event and meeting space rental	-	-	-	63,185	74,276	-	137,461	-	57,500	57,500	194,961
Event production	82,447	-	-	651,461	273,775	-	1,007,683	-	-	-	1,007,683
Invitations and programs	629	-	-	32,229	20,198	-	53,056	-	17,391	17,391	70,447
Award items and decorations	13,667	-	18,300	134,396	84,983	4,300	255,646	4,245	12,547	16,792	272,438
Rent	19,227	4,967	7,521	14,717	19,733	22,364	88,529	10,785	-	10,785	99,314
Telephone	3,698	3,548	9,236	4,199	6,031	4,613	31,325	13,677	-	13,677	45,002
Utilities	932	1,011	35,732	772	932	1,104	40,483	12,187	-	12,187	52,670
Insurance	-	-	-	-	-	-	-	51,951	-	51,951	51,951
Travel and entertainment	96,288	3,935	4,863	259,011	128,872	541	493,510	25,864	30,237	56,101	549,611
Real estate taxes	-	-	-	-	-	-	-	32,286	-	32,286	32,286
Photography	2,200	-	-	10,000	11,670	1,563	25,433	-	1,680	1,680	27,113
Library	100	-	1,875	-	-	-	1,975	-	-	-	1,975
Auction items	-	-	-	-	2,864	-	2,864	-	13,884	13,884	16,748
Web site and Internet fees	7,921	10,363	2,304	26,713	37,406	54,451	139,158	2,757	60	2,817	141,975
Interest	-	-	-	-	-	-	-	76,039	-	76,039	76,039
Amortization of deferred financing charges	-	-	-	-	-	-	-	3,800	-	3,800	3,800
Bank and credit card and other processing fees	1,709	15,070	41,405	16,956	15,928	112	91,180	13,415	15,025	28,440	119,620
Bad debt	-	-	-	-	-	-	-	-	250	250	250
Government registration fees	-	-	-	600	1,369	-	1,969	5,361	4,803	10,164	12,133
	1,090,877	227,838	1,657,324	1,886,918	1,680,539	563,037	7,106,533	966,798	899,233	1,866,031	8,972,564
Depreciation	12,210	12,210	29,305	9,768	13,431	15,874	92,798	23,200	6,106	29,306	122,104
<b>TOTAL</b>	<b>\$ 1,103,087</b>	<b>\$ 240,048</b>	<b>\$ 1,686,629</b>	<b>\$ 1,896,686</b>	<b>\$ 1,693,970</b>	<b>\$ 578,911</b>	<b>\$ 7,199,331</b>	<b>\$ 989,998</b>	<b>\$ 905,339</b>	<b>\$ 1,895,337</b>	<b>\$ 9,094,668</b>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED MARCH 31, 2015 AND 2014**

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Change in net assets	\$ 577,521	\$ 60,753
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	120,091	122,104
Amortization	3,800	3,800
Bad debt	-	250
Fixed asset additions - in-kind donation	(50,632)	(16,496)
Changes in assets and liabilities:		
Restricted cash and cash equivalents	(323)	(292)
Grants and other receivables	(24,326)	74,648
Prepaid expenses and other assets	(134,797)	(18,728)
Accounts payable and accrued expenses	101,746	93,827
Deferred revenue	<u>1,297,179</u>	<u>(55,303)</u>
Net cash provided by operating activities	<u>1,890,259</u>	<u>264,563</u>
Cash flows from investing activities:		
(Repayments) advances on note receivable	35,511	(35,511)
Purchases of property and equipment	<u>(26,018)</u>	<u>(53,247)</u>
Net cash provided by (used in) investing activities	<u>9,493</u>	<u>(88,758)</u>
Cash used in financing activities:		
Repayments of loan payable	<u>(60,940)</u>	<u>(58,517)</u>
Net increase in cash	1,838,812	117,288
Cash - beginning of year	<u>588,370</u>	<u>471,082</u>
<b>CASH - END OF YEAR</b>	<b><u>\$ 2,427,182</u></b>	<b><u>\$ 588,370</u></b>
Supplemental disclosure of cash flow information:		
Interest paid	<u>\$ 73,415</u>	<u>\$ 74,734</u>

See accompanying notes to financial statements.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

**NOTE 1. ORGANIZATION AND NATURE OF OPERATIONS**

The James Beard Foundation, Inc. (the "Foundation") was incorporated on September 19, 1985, under the Not-For-Profit Corporation Law of the state of New York.

The charitable and educational purposes for which the Foundation was established are to preserve and promulgate America's culinary heritage and the legacy of James Beard, maintain the Beard House (or "House") as a historical culinary center, maintain the Beard House as a showcase for educational programs relating to food, and maintain the Beard House as a performance space, gallery, research library, and meeting center for those interested in the advancement of the culinary arts in America. Additionally, the Foundation was established to support other not-for-profit culinary organizations, provide scholarships to individuals pursuing a career in the culinary arts, and recognize and promote excellence in all aspects of the culinary arts.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Financial Statements

The accompanying financial statements have been prepared on the accrual basis of accounting and are presented in accordance with accounting requirements for not-for-profit organizations. These requirements provide that all not-for-profit organizations provide a statement of financial position, a statement of activities, and a statement of cash flows, and that net assets be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor stipulations regarding the use of such assets.

The net assets of the Foundation and changes therein are classified and reported as follows:

*(i) Unrestricted*

The Foundation reports all gifts of cash and other assets as unrestricted support unless they are received with donor stipulations that limit their use or are designated for future periods. When a purpose restriction is accomplished or a stipulated time restriction ends, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

*(ii) Temporarily restricted*

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and released from restrictions.

THE JAMES BEARD FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
MARCH 31, 2015 AND 2014

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Revenue Recognition

Contributions, including unconditional promises to give, are recognized in the statements of activities as revenue in the period in which they are received. This revenue is recorded net of any resulting direct donor benefit. Contributions of assets other than cash are recorded at their estimated fair value. Additionally, the Foundation recognizes revenue and expenses associated with donated goods and services.

Cash and Cash Equivalents

The Foundation maintains cash in bank deposit accounts that, at times, may exceed federally insured limits. The Foundation has not experienced any losses in these accounts. The Foundation considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

Property and Equipment

The Foundation's policy for capitalization of building, building improvements and office equipment is limited to purchases of \$1,000 or more. Building, building improvements and office equipment purchases are recorded at cost. Donated office and kitchen equipment is recorded at fair market value. Depreciation of building, building improvements and office equipment is being provided for by the straight-line method over their estimated useful lives, which are as follows:

Building and building improvements	27 years
Office and kitchen equipment	3-7 years

Income Taxes

The Foundation is a not-for-profit organization and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") and from state income taxes. As a not-for-profit entity, the Foundation is subject to unrelated business income tax ("UBIT"), if applicable.

The Foundation recognizes and measures its unrecognized tax benefits in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740, *Income Taxes*. Under that guidance, the Foundation assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available or when an event occurs that requires a change.

Management has evaluated the Foundation's tax positions and has concluded that the Foundation has taken no uncertain tax positions that require adjustment to the financial statements. Generally, the Foundation is no longer subject to income tax examinations by U.S. federal, state or local taxing authorities for years before 2011.

**THE JAMES BEARD FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**MARCH 31, 2015 AND 2014**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

In-Kind Donations

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people whose services would otherwise be purchased by the Foundation.

Donated legal services amounting to \$64,223 and \$106,164 were provided to the Foundation during the years ended March 31, 2015 and 2014, respectively, and is included in "Contributions" in the accompanying statements of activities and "Accounting and legal fees" in the accompanying statements of functional expenses.

The value of sanitation services contributed by a corporate sponsor amounted to \$15,000 for each of the years ended March 31, 2015 and 2014.

The value of computer services contributed by a corporate sponsor amounted to \$14,160 for each of the years ended March 31, 2015 and 2014, and is included in "Contributions" in the accompanying statements of activities and "Consultants and other professional fees" in the accompanying statements of functional expenses.

The value of kitchen equipment (included in building and building improvements) contributed by a corporate sponsor amounted to \$50,632 and \$16,496 (includes furniture) for the years ended March 31, 2015 and 2014, and is included in "Property and equipment" in the accompanying statements of financial position and in "Contributions" in the accompanying statements of activities.

The Foundation received food, wine, sparkling water, coffee, tea, countertop appliances, utensils, travel vouchers and venue space in connection with its in-house and out-of-house events. For the years ended March 31, 2015 and 2014, these contributed goods, services and facilities amounted to \$386,000 and \$393,000, respectively, and is included in "Contributions" in the accompanying statements of activities, and "Event and kitchen supplies," "Travel and entertainment" and "Event production" in the accompanying statements of functional expenses.

A number of volunteers have made a contribution of their time to the Foundation to develop its programs and to serve on the Foundation's board of trustees. In accordance with GAAP, the value of this contributed time is not reflected in these financial statements.

Functional Allocation of Expenses

Expenses are classified according to the categories for which they were incurred and are summarized on a functional basis in the accompanying statement of activities. Program services include costs directly associated with regularly scheduled dinner events held to celebrate and support the development of the culinary arts in America; special events promoting innovations in American cuisine and encouraging the careers of aspiring chefs; conferences gathering visionaries in the food world; publication of membership calendars and newsletters; and scholarships awarded to assist culinary students with tuition expenses. Management and general expenses include costs indirectly related to the Foundation's purpose or mission such as back-office accounting, legal services, and office and personnel administration. Fundraising expenses include costs incurred in connection with solicitation activities being performed by the Foundation.

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**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Membership Fees

Membership fees are recorded in the applicable membership period. Members of the Foundation receive reduced rates to in-house and out-of-house events based on their membership level. Prepayment of membership fees as well as the unexpired portion of payments made by members are reflected as deferred revenue.

Deferred Revenue

Contributions related to and received in advance of a fundraising event or stipulated contract year are deferred until the actual occurrence of the event or the appropriate fiscal year, at which time the contributions are then recognized as revenue.

In-House, Out-of-House, Gala Events Revenue

Revenue received from in-house, out-of-house, and awards gala events is recognized upon completion of the activity. The payments received for the May 2015 awards gala event and the fiscal year 2016 in-house and out-of-house events are reflected as "Deferred revenue" in the accompanying statements of financial position.

Advertising

Advertising costs are expensed as incurred and aggregated \$148,648 and \$137,243 for the years ended March 31, 2015 and 2014, respectively.

Subsequent Events

In accordance with FASB ASC 855, *Subsequent Events*, the Foundation has evaluated subsequent events through August 11, 2015, the date on which these financial statements were available to be issued. Management has determined that there were no material subsequent events that required recognition or additional disclosure in these financial statements.

**NOTE 3. RESTRICTED CASH AND CASH EQUIVALENTS**

The Foundation maintains funds in a money market account for the general scholarship fund to fund scholarship grants. The House Preservation Fund's cash and cash equivalents are maintained for the preservation of the Foundation and to fund renovations needed for the Beard House.

Restricted cash and cash equivalents consisted of the following as of March 31, 2015 and 2014:

	2015	2014
Scholarship funds	\$ 84,462	\$ 84,139
House Preservation Fund	100,000	100,000
	\$ 184,462	\$ 184,139

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**NOTE 4. GRANTS AND OTHER RECEIVABLES**

Grants and other receivables include unconditional promises to give due in less than one year amounting to \$301,827 and \$277,501 for the years ended March 31, 2015 and 2014, respectively.

Management believes that the entire amount of grants and other receivables is fully collectible and, accordingly, has not provided an allowance on such receivables.

**NOTE 5. NOTE RECEIVABLE**

The Foundation had advanced \$35,511 to the Friends of the U.S. Pavilion Milano 2015 Inc. under a Line of Credit Promissory Note agreement (the "Note"), which allowed advances of up to \$43,500. Advances under the Note, which bore annual interest at a rate of 5%, compounded monthly and were due on demand, were repaid in full on June 12, 2014.

**NOTE 6. PROPERTY AND EQUIPMENT**

The Foundation's property and equipment consisted of the following at March 31, 2015 and 2014:

	2015	2014
Land	\$ 418,869	\$ 418,869
Office and kitchen equipment	499,763	613,587
Building and building improvements	1,241,894	1,191,261
	2,160,526	2,223,717
Less: accumulated depreciation	(1,177,386)	(1,197,136)
	\$ 983,140	\$ 1,026,581

**NOTE 7. MORTGAGE NOTE PAYABLE**

The Foundation entered into a mortgage note agreement with a financial institution (the "Bank") on April 29, 2009 (the "Loan"). In accordance with a modification to the Loan agreement entered into in January 2013, outstanding borrowings initially bear interest at the rate of 3.99% per annum and will periodically adjust to the 5-year FHLB rate plus 2%, as further described in the agreement. The Loan is currently payable in monthly installments of \$11,213, including principal and interest, and matures in April 2034. Borrowings outstanding are secured by the Foundation's real property.

In conjunction with the January 2013 modification, a modification fee of \$19,000 was due to the Bank. In lieu of payment of the fee, the Foundation agreed to provide a corporate membership, tickets to in-house events, advertising and tickets to the annual gala awards event for the Bank over a period of five years. This modification fee is presented as "Deferred financing costs" in the accompanying statements of financial position.

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**NOTE 7. MORTGAGE NOTE PAYABLE (CONTINUED)**

As of March 31, 2015, future principal payments are summarized as follows:

Year Ending March 31:	Amount
2016	\$ 63,397
2017	66,010
2018	68,730
2019	71,563
2020	74,513
Thereafter	1,442,135
	\$ 1,786,348

As of March 31, 2015, future amortization of deferred financing costs are summarized as follows:

Year Ending March 31:	Amount
2016	\$ 3,800
2017	3,800
2018	2,850
	\$ 10,450

**NOTE 8. TEMPORARILY RESTRICTED NET ASSETS**

The Foundation's temporarily restricted net assets are available to satisfy the following purposes as of March 31, 2015 and 2014:

	2015	2014
Scholarship funds	\$ 1,248,306	\$ 843,013
House Preservation Fund	100,000	100,000
House renovations	166,519	116,519
Jean-Louis Palladin master classes	-	6,388
	\$ 1,514,825	\$ 1,065,920

In prior years, the Foundation had released \$120,641 from temporarily restricted net assets as part of their Scholarship awards program in excess of actual contributions restricted for such purposes. Management has been unable to obtain contributions to offset the specific expenditures and therefore deemed it prudent to adjust the balance of its temporarily restricted net assets for these amounts. Accordingly, net assets released from restrictions during the year ended March 31, 2015 have been reduced by \$120,641.

During the years ended March 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenses satisfying the following purposes:

	2015	2014
Scholarship funds	\$ 159,752	\$ 338,022
House renovations	-	4,568
Jean-Louis Palladin master classes	6,388	10,000
	\$ 166,140	\$ 352,590



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**NOTE 9. EMPLOYEE BENEFIT PLAN**

The Foundation maintains a defined contribution plan under Section 403(b) of the Code covering all eligible employees. Contributions by the Foundation to the plan are at the discretion of the board of trustees. No contributions were made to the plan on behalf of employees for the years ended March 31, 2015 and 2014.

**NOTE 10. COMMITMENTS**

The Foundation leases office space under a noncancelable operating lease expiring on November 30, 2017. The lease is subject to escalations for the Foundation's proportionate share of increases in real estate taxes and other operating expenses.

The Foundation is obligated under operating leases for office equipment expiring through June 2020.

At March 31, 2015, the aggregate minimum annual rental commitments under the above noncancelable leases are as follows:

<u>Year Ending March 31:</u>	<u>Amount</u>
2016	\$ 111,311
2017	113,722
2018	82,654
2019	12,672
2020	<u>3,168</u>
	<u>\$ 323,527</u>

**NOTE 11. UNRESTRICTED NET ASSET DEFICIENCY**

Through March 31, 2015, the Foundation has continued to experience an unrestricted net asset deficiency as a result of fiscal improprieties by a former President of the Foundation. Further, the downturn in the general economy, which began in 2008, also had a negative impact on the Foundation's financial results.

Management has made concerted efforts to reduce the unrestricted net asset deficiency during the year ended March 31, 2015. The Foundation entered into an agreement with the Chicago Convention and Tourism Bureau ("Choose Chicago") to hold the May 2015 James Beard Foundation Awards ("Award Gala") in the city of Chicago. In connection with this agreement, the Foundation was entitled to \$1,750,000 in cash and \$250,000 of in-kind support of which the remaining \$550,000 of cash and in-kind support was received during April through July 2015.

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**NOTE 11. UNRESTRICTED NET ASSET DEFICIENCY (CONTINUED)**

Further, on March 20, 2015, the Foundation entered into a second agreement with Choose Chicago to hold the annual Award Gala in the city of Chicago during May 2016 and 2017. As part of this agreement, Choose Chicago will provide financial support in the form of cash and in-kind sponsorships in an aggregate amount of \$1,475,000 annually. In exchange for the financial support, the Foundation will provide specific opportunities, assets and recognition to Choose Chicago as outlined in the agreement.

In addition to the progress detailed above, management will continue to attempt to reduce the unrestricted net asset deficiency by 1) seeking additional corporate sponsorship opportunities and increasing levels of support by current sponsors for all events, 2) increasing emphasis on national programming, including the continuation of the 10-city Taste America event, 3) developing programs to increase the professional membership base, 4) developing new donor funding sources, with support by a strategic partnership director, 5) expanding educational programs, building on the success of the Food Conference and Leadership Awards programming, 6) pursuing marketing initiatives to support in-house dinner event attendance, 7) expanding social media strategy to exploit branding and marketing efforts, and 8) evaluating vendor and consultant relationships to assure cost efficiency.